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22 April 1982

CHINA REPORT ECONOMIC AFFAIRS

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CONTENTS

PEOPLE'S REPUBLIC OF CHINA

NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' Discusses Reorganizing Enterprises (JINGJI GUANLI, 15 Feb 82)	1
'JINGJI GUANLI' Discusses Enterprise Reorganization (Wang Jibo; JINGJI GUANLI, 15 Feb 82)	11
'JINGJI GUANLI' Discusses Transforming Enterprises (JINGJI GUANLI, 15 Feb 82)	17
'JINGJI GUANLI' Discusses Enterprise, Urban Transformation (Zhong Chengjian; JINGJI GUANLI, 15 Feb 82)	28

ECONOMIC MANAGEMENT

PRC Attaches Importance to Statistical Work (XINHUA Domestic Service, 3 Apr 82)	33
Tianjin Meeting on Hitting Economic Crimes (Tianjin City Service, 25 Mar 82)	35
Guangdong on Economic Crimes, Open-Door Policy (Guangdong Provincial Service, 6 Apr 82)	36
Economic Criminals Urged To Give Themselves Up (Guangdong Provincial Service, 5 Apr 82)	38
Qinghai Open Trial Against Economic Criminals Noted (Qinghai Provincial Service, 30 Mar 82)	39

Kong Fei Reports on Economic Crimes (Nei Monggol Regional Service, 1 Apr 82)	40
Briefs	
Guangdong Inspection Groups	41
Guangdong Bank Accountant Punished	41
Henan Economic Crimes Circular	42
Shanghai Economic Investigation	42
FINANCE AND BANKING	
PRC Agricultural Banks Issue More Loans (XINHUA, 1 Apr 82)	43
People's Bank Holds Credit Loan Conference (XINHUA Domestic Service, 4 Apr 82)	44
Briefs	
Guangdong Nonproductive Capital Construction	46
MINERAL RESOURCES	
Briefs	
Liaoning Coal Production	47
INDUSTRY	
'JINGJI GUANLI' on Growth of Light Industry (Qing Yan; JINGJI GUANLI, 15 Feb 82)	48
'GUANGMING RIBAO' Views Shanghai Technical Teams (XINHUA, 3 Apr 82)	56
CONSTRUCTION	
Briefs	
Hubei Construction Work Improves	57
Jilin Housing Construction	57
DOMESTIC TRADE	
Goods Circulation Improves Under State Plans (XINHUA Domestic Service, 1 Apr 82)	58
Use of Computers in Market Forecasting Discussed (XINHUA Domestic Service, 2 Apr 82)	60
Briefs	
Yunnan Commodity Price Circular	62
Guangdong Comm. Jity Subsidies	62

FOREIGN TRADE

'XINHUA' Notes USSR Foreign Trade Statistics (XINHUA, 27 Mar 82)	63
Qian Min on Export of Electronic Products (XINHUA, 30 Mar 82)	64
Briefs	
Jiangxi Export Increase	65
Shandong Shijiu Harbor Construction	65
Guangdong Exports Increase	66
Shaanxi-Iraq Technology Cooperation	66

LABOR AND WAGES

Briefs	
Guangdong Subsidies	67

TRANSPORTATION

Briefs	
Heilongjiang Ferry Service	68
Guangdong Wenjindu Port	68
Air Route Opens	68

GENERAL

Briefs	
Shanghai Rural Economy	69

HONG KONG MEDIA ON CHINA

Shanghai Mayor on Cooperation With Hong Kong (Chen Pin, Li Wei-ching; TA KUNG PAO, 1 Apr 82)	70
'TA KUNG PAO' on Organization of Guangzhou Fair (TA KING PAO, 8-14 Apr 82)	72
Briefs	
Economic Zones Inspected	74

NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' DISCUSSES REORGANIZING ENTERPRISES

HK030535 Beijing JINGJI GUANLI in Chinese No 2, 15 Feb 82 pp 3-7

[JINGJI GUANLI editorial department: "Launch an Overall Reorganization of the Enterprises To Promote Fundamental Improvement of the National Economy"--slantlines denote boldface]

[Text]

(I)

In order to further implement the party's national economic principle of readjustment, restructuring, reorganizing and upgrading, fully display the initiative of the existing state-owned enterprises, improve economic effect and promote the fundamental improvement of our national economy, the CCP Central Committee and the State Council have decided that, beginning this year, the enterprises will gradually be reorganized in a planned way, with experiments and then popularization, by stages and in groups and in an overall way and that this work must be completed in 2 to 3 years. It is a very important decision.

Some comrades do not yet really understand this important decision. They wonder why, since we are carrying out readjustment as the core of our work, it is necessary to reorganize the existing enterprises in an overall way? Some other comrades hold that since we have reorganized the enterprises for many years, it is therefore no longer necessary to carry out such reorganization because it is just an old story.

We must understand that the state-owned industrial enterprises are the life-line of the national economy and the situation of the mental outlook of the staff and the economic effects in the production and management of these enterprises have a most important bearing on our socialist modernization program. Since the convening of the 3d Plenary Session of the 11th CCP Central Committee, various regions and departments have implemented the party's national economic principle of readjustment, restructuring, reorganizing and upgrading and have done enormous work with regard to enterprises' leading groups, in expanding the autonomy of the enterprises, in carrying out democratic management with the participation of staff,

establishing economic responsibility systems, improving management and training staff. Proceeding from the specific conditions of our country, they have also made a good start in opening up a new road for the development of our national economy. But the development of enterprise reorganization work has not been balanced. There are only a few enterprises that have been reorganized and a few that have not carried out reorganization. The situation of the majority of enterprises is that they are in the process of reorganizing. Even the enterprises that have done a good job in reorganizing are still very far from meeting the management needs of a modern socialist enterprise. At present, quite a number of enterprises are characterized to different extents by weak and slack leading groups, low spirits, weak ideological and political work, a situation of overstaffing, slack labor discipline, low quality products, serious waste and very low economic results. The leading groups of a few enterprises are not pure. Influenced by capitalist ideology, these groups engage in unhealthy activities, violate financial and economic discipline, practice fraud, evade taxes, retain the profits that should be handed over to higher departments, engage in malpractices for selfish ends and practice graft and embezzlement. If we do not take serious measures to solve these problems, we will not be able to fundamentally improve the situations of our national economy, nor will we be able to turn our enterprises into modern socialist enterprises. Therefore, it is very important for the party and the state in the next 2 to 3 years to reorganize the enterprises in an all-round way according to the principle of varied guidance and according to the specific conditions of the enterprises themselves.

Why is it necessary to carry out reorganization in an overall way? What is the difference between overall reorganization and past reorganizations? First of all, the overall reorganization of the enterprises represents comprehensive improvement work that includes a series of jobs such as reorganizing leading groups, the ranks of staff, the management system, labor discipline, financial and economic discipline, the style of party work and stepping up ideological and political work. All this work will be combined through reorganization and all the problems will be gradually resolved according to their importance and according to the specific conditions of each enterprise so that various work of the enterprises can be carried out and these enterprises will be able to take a new road for developing the national economy. Secondly, the overall reorganization is a reorganization marked by construction while the previous one was marked by restoration. Therefore the overall reorganization needs systematic and overall construction planning so as to form a foundation for building our enterprises into modern enterprises that are characterized by high material and spiritual civilization and have China's own features.

(II)

The overall reorganization of the enterprises must be carried out in a planned way and gradually. First of all, it is necessary, at the present stage, to do a good job in the following several overall reorganization tasks that were pointed out by Premier Zhao Ziyang in his report to the 4th session of the 5th National People's Congress.

/First, reorganize and perfect the economic responsibility system, improve the management of enterprises and do a good job in overall planning management, quality management and economic accounting./

The purpose of implementing economic responsibility systems is, under the guidance of state planning, to manage well enterprises and combine the interests of enterprises and their staff with their economic responsibility and economic results so that the broad masses of the workers and staff will work with a sense of being masters of their own affairs to achieve the best economic effects in their production activities. Together with mobilizing the initiative of the workers and staff and resolving the problem of enterprises and the staff and workers within and enterprises eating out of the same big pot, the economic responsibility systems constitute a vital link in the reorganization of the enterprises. It is imperative to further sum up experiences in the process of reorganizing enterprises in an overall way, constantly perfect economic responsibility systems, define enterprises' economic responsibility toward the state and to grant enterprises a certain degree of economic power. Thus the economic interests of the enterprises will be directly linked with the results of their production and management and their responsibility will be unified with their rights and interests.

We can in no way consider economic responsibility systems as nothing but a matter of distributing benefits. First of all, the responsibility of enterprises is to meet the requirements of state planning and market demands and to turn out high quality, low-priced and salable products so as to meet social needs and improve economic effects. The first aim of the enterprises in creating earnings is to make contributions to the state, to increase its revenues; the second aim is to increase the income of its workers and staff. Therefore, it is necessary for the enterprises under the guidance of state planning to implement overall planning management and guarantee that various work such as production, technology, supply, sales and finance are carried out by each post and staff concerned. In implementing overall planning management, it is also necessary to continue to implement overall quality management and overall economic accounting so as to increase varieties, improve quality, decrease production costs, increase profits and realize overall economic earnings.

In implementing economic responsibility systems, enterprises must follow the principle of combining responsibility with rights and benefits. Such systems must be set up and perfected in all administrative and technical offices, workshops, teams and for individuals so as to combine individual economic benefits with collective achievements and individual labor contribution and thus implement the principle of distribution according to labor. It is necessary to perfect basic work such as original records, calculations, statistics and accounting and work out average advanced quotas for production and consumption and strengthen fixed quotas management. It is also necessary to sum up the experiences of current distribution according to labor, probe into a more rational distribution method. We must carry out

ideological and political work that is related with production so as to mobilize the initiative of the masses in improving production technology, constantly carrying out innovation and improving management and economic results in an allround way.

/Second, reorganize and step up labor discipline and strictly carry out the system of rewards and punishment./

Modern, socialized mass production cannot be carried out without strict labor discipline. Anarchism was rampant during the 10 turbulent years and today its influence has still not been completely eradicated. Therefore, it is imperative to step up in a big way, ideological education among workers and staff so that they will heighten their sense of being masters of their own affairs and it will create a good atmosphere in which people are conscious in observing labor discipline. In order to step up labor discipline it is necessary to set up a strict reward and punishment system. The workers and staff who have a good attitude toward their work and who have observed discipline and regulations and have made outstanding achievements must be commended and awarded; with regard to those who have seriously violated labor discipline, enterprises have the rights to follow regulations and give them economic and administrative punishment and heavily punish and sack those who refuse to correct their mistakes despite repeated admonition.

Experiences of some enterprises have proved that working out "staff regulations" is an effective measure for educating workers and staff and strengthening labor discipline. The All-China Federation of Trade Unions and other departments concerned will sum up these experiences and work out "staff regulations" for the approval of the State Council that will then be issued and implemented across the country. Before the "regulations" are issued, all enterprises can work out their own "provisional staff regulations" and implement them following approval from their workers' congress. All enterprises must follow the demands of the "regulations" and accordingly work out a system of rewards and punishments so as to guarantee the implementation of the "regulations."

/Third, reorganize financial discipline and perfect financial accounting system./

All fixed funds and circulating funds of the state industrial enterprises are state property and no one is permitted to embezzle them. The profits made by the enterprises must be distributed according to rules and regulations. The enterprises must in no way change profits of the majority to profits of the minority and it is even more forbidden to turn public profits into private profits. All activities that violate laws and financial discipline must be resolutely stopped and the relevant person must be punished.

It is imperative to conscientiously check on the implementation of financial system, perfect the financial accounting system and steadily implement

financial discipline. Those who make ordinary mistakes must be criticized and educated while those who engage in malpractices for selfish ends and corruption or take bribes must be punished. Leading comrades and financial staff of the enterprises must set a good example in these aspects by observing financial discipline. Once they violate regulations, they must be seriously punished and must bear economic and legal responsibility. All the workers and staff of the enterprises must dare to fight against those who damage state property and embezzle state profits. The workers and staff who have made contributions in observing financial discipline and protecting state property must be commended and rewarded.

/Fourth, structure labor organizations, organize production according to fixed staff and fixed quotas, train all staff in a planned way and resolutely overcome situations of overstaffing and indolence./

The work of structuring labor organizations must be combined with the setting up of personal responsibility systems. The core of personal responsibility systems is a sense of responsibility toward work. It is necessary, on the basis of improving workers' and staff members' ideological consciousness, to define the responsibility of each production position and work position. We must quantity and quality standards in assigning workers and staff on the basis of the requirement of production technology and work. [sentence as printed] Thus the workers and staff will be able to display their ability. Rotational training courses must be given to workers and staff in a planned way, by stages and in groups so as to constantly improve their political and ideological as well as technical levels. A system is needed in this aspect so that this work will be carried out for a long period.

The workers and staff who can no longer hold their posts because of technical conditions, age or health may be assigned to other jobs or transferred to other posts after training is given. Proper arrangements must be made for those who have reached retirement age. In future, newly recruited workers and staff or those whose type of work has been changed may begin in their new posts only after they have received training and passed an examination.

Training must be combined with personnel assessment, promotion and wage readjustment; it is also necessary to set up and perfect an overall personnel management system.

The workers and staff who are leaving their posts for training must receive their basic wages during the training period, but no rewards can be given. Scholarships may be given to those who have studied hard and who have made outstanding achievements.

In order to do a good job in training, it is necessary for big enterprises to set up training centers. The medium and small enterprises that are not in a position to independently do so may set up such centers jointly or higher management departments may provide training courses for these enterprises. Capable cadres must be assigned to lead the work of training

centres. Workers and staff may undertake training courses by leaving their posts on a full-time or a part-time basis or doing so during spare time. Those who have completed their courses and passed examination must be given certificates.

The surplus staff of enterprises that are restructuring their labor organization and management structure by following the principle of fixed staff and fixed production quotas, must be sent to rotational training courses. In addition, some surplus staff may be transferred to livelihood service organizations while others may join labor service organizations so as to open up and develop new production avenues.

In order to gradually achieve the division of work between production management and livelihood services, enterprises with certain conditions may set up livelihood service companies to unifiedly manage livelihood and welfare facilities such as living quarters, dining halls, kindergartens, clinics and bathhouses so that to do a good job of serving the livelihood of workers and staff. Livelihood and welfare work must be gradually turned into a form of socialized enterprise.

In order to make temporary arrangements for the employment of surplus staff and job-awaiting youths, enterprises may set up labor service companies independently or jointly so as to provide society with production and labor services. As collective units, such labor service companies may serve enterprises themselves or society. But such companies must be managed independently, with independent accounting and their own responsibility for both losses and profits. They cannot mix with the enterprises, nor can they eat out of the same big pot.

The enterprises must assign comrades who are willing to work hard and are not upset by criticism, who are responsible and have a healthy style of work, to leading posts in livelihood and labor service companies. The workers and staff that are transferred to such companies still maintain their position as workers and staff of enterprises under the ownership of the whole people.

Fifth, reorganize and set up leading groups and step up ideological and political education among workers and staff.

With regard to the various above mentioned reorganizing tasks, it is imperative to further reorganize and set up leading groups in enterprises so as to overcome the various shortcomings of the leading groups such as weakness, sickness, excessive staff, old-aged staff and bureaucratism. They should also promote outstanding young cadres with technical know-how to leading posts.

All the enterprises must abide by the basic principle of following the collective leadership of party committees, democratic management by the participation of workers and staff and having factory directors in command.

of administrative work. It is necessary to conscientiously implement the "temporary provisions on state enterprises workers' congresses" the "temporary provisions on the work of state factory directors" and the "CCP working regulations for industrial enterprise grassroots organizations" that are to be issued soon. Under the leadership of party committees, it is imperative to set up and perfect factory director responsibility systems and the system of workers' congress so that the enterprises will be able to gradually establish a democratic centralized leadership system. A few enterprises that have been approved to experiment on transforming the enterprise leadership system must continue with their experiments so as to probe into a new leadership system that is in a better position to reflect party leadership, democratic management and the strengthening of the unified command of factory directors.

In order to improve working efficiency, it is imperative for the enterprises to set up production and administrative leading groups that are composed of capable cadres. The posts of leading cadres at the factory level must be gradually filled by those young cadres who have a high revolutionary level, education and specialized knowledge. Factory directors (managers) must be able to persist in the four basic principles, be resolute in implementing party's principles and policies and understand production technology and related economic laws and regulations. They must be good at management and have healthy morale and be able to relate with the masses. They must be healthy and must be able to manage heavy leading work. The enterprises that are temporarily in difficulties must appoint young cadres to leading positions. They must select cadres under 45 years of age who have a good moral character and specialized knowledge and who are vigorous and willing to contact the masses as deputy factory directors (deputy managers) or for other deputy managerial posts so as to give them more training.

In readjusting enterprise leading groups, some cadres at the factory level may be appointed to leading posts in, or as advisors to, research offices, consultant offices, supervisory offices and workers' training centres. Their political and livelihood treatment will remain unchanged. The cadres who have become incapable of doing their work because of sickness must be advised to retire and proper arrangement must be made with regard to their political and livelihood treatment. All the veteran and sick comrades who have made contributions to the revolution must understand that it is their bounden duty to actively recommend, promote and support young comrades who are loyal to the party as their successors.

In reorganizing enterprises it is imperative to step up and improve the party's leadership over enterprises. Party organizations and administrative organizations in enterprises must gradually divide their [as printed] while major principles and policies will be decided by party committees, the daily production and administrative work must be the responsibility of factory directors (managers). Party committees must mainly concentrate

their efforts on grasping ideological and political work and party building through party organization work, propaganda and educational work. Through the exemplary roles of party members, they must step up their ideological and political leadership over enterprises and supervise and guarantee that the enterprises will persist in the socialist orientation. They must strictly implement the various party and government principles, policies and planning, observe the state system and laws and regulations and protect the state's and people's interests. They will thus guarantee that the enterprises will be able to fulfill various political and economic tasks and will be able to correctly handle the interests of the state, the enterprises and of their workers and staff.

The party committees of the reorganized enterprises must be turned into powerful leading cores that are able to unite the workers and staff of the enterprises, implement party's various principles and policies and persist in democratic centralism. The posts of party committee secretaries must be held by the party members who have a strong party character with a healthy style of work, and who are resolute and good at implementing the party's line, principles and policies. They must have acquired certain production and management knowledge and must be able to keep close contact with the masses and grasp work in an overall way. In addition, it is necessary to appoint assistants to secretaries by appointing deputy secretaries who are vigorous and who have a good moral character and talent.

The party organizations in the enterprises must step up the work of workers' congresses and fully display the roles of trade unions and communist youth league organizations.

Such party organizations have to grasp reality and persist in educating workers and staff with regard to the four basic principles, the political situation and patriotism. It is particularly necessary to strengthen education among young workers and staff so as to improve their political level. Training courses must also be held for workers and staff who are totally or partially released from their jobs to join the courses. Such training must include cultural courses, technical or vocational courses as well as political courses. Strict measures must also be taken to assess the results of the study.

(III)

Overall reorganization of enterprises is a reorganization with a construction nature. In addition to the above-mentioned five items of work that are the priority, it is also necessary to work out systematic and overall construction planning. We must sum up and absorb all the effective experiences from the past campaign of building "five-good" and "Daqing-type" enterprises so that the reorganization of the enterprises can be carried out in a close connection with construction.

The above five items of work include things with a construction nature. The basic demand for the construction during the reorganization of the enterprises can be summarized into: do a good job of the three construction projects so as to fulfill the requirements for the six-goods. The "three construction

projects" entail gradually, through an overall reorganization, establishing a leading system that is characterized by democratic centralism, gradually building the ranks of workers and staff characterized by high political consciousness and vocational knowledge and gradually setting up a complete and scientific management system. The "requirements for the six-goods" mean that through the "3 construction projects," the enterprises will be able to correctly handle the economic relationships between the state, the enterprises and workers and staff and will be able to fulfill state planning with flying colors. Thus, these enterprises will be able to turn themselves into "six-good enterprises" that are able to consider well the interest of the state, their own interests and those of their workers and staff, produce good quality products, achieve good economic results and have good labor discipline, good civilized production and good political work.

Various industrial departments and regions must refer to the state economic commission demands for reorganizing enterprises and define the contents of the "three construction projects" and "requirements for the six-goods" according to their own specific conditions.

(IV)

Overall reorganization of enterprises must be carried out in the way of combining experiments with popularization. Various industrial departments must base themselves on the five points of works, the "three construction projects" and the "requirements for the six-goods" and work out overall reorganization planning according to their specific conditions. Different requirements and different steps for reorganization must be set for enterprises of different categories, and of different levels. Guidance must be given on the basis of different classifications. All enterprises must proceed from their own specific conditions in working out reorganizational planning. All workers and staff must be fully mobilized so as to create the enthusiastic atmosphere of the "six-good enterprises" that is characterized by emulating, learning from the catching up the advanced and helping the backward and thus promote reorganizational and other work of the enterprises.

In order to do a still better job in reorganizing enterprises, the various management departments under the State Council and various provinces, municipalities and autonomous regions will send out responsible cadres who will form themselves into groups. These groups will be responsible for staying at selected grassroots units to help improve their work and gain firsthand experiences in guiding overall works and in investigating the units. Under the unified leadership of local party committees and governments, these groups will, in groups and by stages, investigate the situations of all enterprises, give the necessary guidance, help solve problems, sum up experiences in due time and guide reorganization work. The enterprises that are not included in the work of such groups must also carry out their reorganization by themselves; they cannot wait.

Following the completion of their reorganization, the enterprises will have to be investigated and checked by higher management departments. The main criteria for judging the achievements of the reorganization are whether the enterprises are producing good or low quality products, whether their output has increased or decreased, whether their economic effect is high or low and whether their contribution to the state is big or small.

The CCP Central Committee and the State Council are fully confident that following an overall reorganization, our enterprises will have a new appearance. We hope that all cadres and workers and staff of the industrial and transportation fronts will spare no efforts in fulfilling various tasks in reorganizing enterprises, do a good job in the "3 construction projects" so as to fulfill the "requirements for the six-goods," and strive for the great goal of building socialist modern enterprises with Chinese characteristics and with a high degree of material and spiritual civilization.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' DISCUSSES ENTERPRISE REORGANIZATION

HK051232 Beijing JINGJI GUANLI in Chinese No 2, 15 Feb 82 pp 8-10

[Economic commentary by Wang Jibo [3769 4949 0514]: "Continue To Do a Good Job in the Overall Reorganization of Enterprises"]

[Text] Recently the party Central Committee and the State Council decided that, within 2 to 3 years starting from this year, all the state-run industries and enterprises should be reorganized in all respects so as to bring into full play the potential of the existing enterprises, to enhance the economic effect, and to promote the fundamental improvement of the national economy. The overall reorganization will enable the enterprises of our country to follow an entirely new path in developing the national economy, and step-by-step to establish modernized socialist enterprises of a new type. This is a very important and arduous task faced by the working class of our country under the new circumstances.

Our enterprises are advancing continuously amid reorganization. Reorganization itself means advance. Industries and enterprises are units for producing materials, and their production and marketing activities must develop continuously with the changing demands of the society. In order to adjust themselves to new circumstances and to solve new problems, all the enterprises should be constantly reorganized. Needless to say, reorganizations in different periods have different focal points and specific requirements.

After the smashing of "the gang of four," in order to heal the wounds of the 10 years of turmoil, the industrial and communications fronts, while exposing and criticizing the crimes of the Lin Biao and Jiang Qing counter-revolutionary cliques, learned from Daqing's experiences, carried on reorganization of a rehabilitative nature, and solved the especially important problem of the purification of the leading bodies. At the same time, by means of cleaning up the pernicious influence, restoring out of chaos and combating unhealthy trends and evil practices, they reestablished various regulations and systems with personal responsibility as the core, and set up normal production procedures. By the end of 1979, 80 percent of the country's enterprises at and above the county level had been

reorganized. Of these, it was mainly the large and medium-sized enterprises which had gone through the process of reorganization. The leading comrades in many regions and departments personally supervised the reorganization work of a group of influential key enterprises, thus promoting the work as a whole, and thus attained better results. This enabled the industrial and communications fronts to achieve order out of chaos. In the last 3 years, more than 12,000 Daqing-type enterprises have been established in the country, and many of them are still maintaining their advanced levels.

Since the 3d Plenary Session of the 11th CCP Central Committee, with the shifting of the focal point of work, new progress in the reorganization of the enterprises has been made. All the regions and departments have seriously carried out the party's policy of readjustment, restructuring, reorganization and upgrading, and have done a great deal of work in raising the economic effect. Thus the levels of production, technology and management and operation have been raised by a relatively great extent in all the enterprises on our country's industrial and communications fronts. This is demonstrated in the following aspects:

1. The leading bodies of the enterprises have achieved further readjustment and strengthening. In accordance with the party Central Committee's requirements of becoming more revolutionary, younger, more knowledgeable and specialized, most enterprises have selected a team of young or middle-aged and vigorous cadres and placed them in leading posts. At the same time, the old cadres have been well taken care of, and the cadres unfit for the posts they held have been transferred elsewhere. In this way the structure of the leading bodies of the enterprises have improved considerably. According to incomplete statistics, in the current leading bodies of the industrial and communications enterprises, about 50 percent of their cadres possess technical know-how and practical managerial experience. Of these, about 20 percent of the cadres are classified as technical personnel and the average age is around 50, 2 to 3 years younger than the figure in 1979. The situation of some regions and trades are even better. For instance, among the 294 large and medium-sized enterprises in the textile industry, those cadres who have technical know-how and are proficient in trading and management amount to 67.3 percent among which 27.4 percent of the cadres are classified as technical personnel. Since the readjustment and reorganization of the leading organs, the management and operation levels have obviously improved, and some formerly backward enterprises have quickly emerged with a completely new look.

As the leading organs are being reorganized, about 80 percent of the enterprises have begun to adopt the system of the factory director assuming responsibility under the leadership of the party committee. Some of the advanced enterprises in reorganization work have established and strengthened the leading bodies in directing production, while the party committee exercises political leadership in a better way. The democratic management of the enterprises has also been strengthened. About 70 percent of the enterprises have initially established the system of workers' representative

congresses, thus expanding the democratic rights of the workers to varying degrees, and raising the workers' sense of responsibility as masters of the society. In some advanced enterprises, a comparatively sound system of democratic management has been introduced; the party organizations and the administrative organs fully respect the rights of the workers as masters of the enterprises; and all the important decisions are discussed, evaluated and approved by the workers' representative congresses. Sometimes the administrative cadres are democratically nominated and elected by the masses, and a vigorous and flourishing situation has appeared in the enterprises.

2. Initial steps have been taken to reorganize the basic work, and comprehensive quality control, economic accounting and personnel training have been gradually implemented. Many enterprises have reorganized and strengthened the basic management work of simple record keeping, statistics and quantitative evaluation. Enterprises of the First Ministry of Machine-Building, have persisted in working according to the twelve criteria issued by the ministry and have earnestly carried out reorganization of the basic work. By the end of 1980, about 94.5 percent of the key enterprises had been verified as being up to standard, and they are being further consolidated and enhanced. In 1979, all-round quality control was implemented on a trial basis in a small number of enterprises. By the end of 1981, more than 11,000 enterprises had implemented the work of all-round quality control, and more than 80,000 had set up quality control groups, thereby effectively raising the quality of our industrial products. In the state-run industries and enterprises, over one-half of the enterprises have set up economic accounting and checking systems at two or three different levels. Some of these enterprises, incorporating the system of economic responsibility, have implemented all-round economic accounting, initially integrated the responsibilities, rights and benefits of all posts within the various links and units of the enterprises, and in this way made sure of fulfilling the task of increasing production and revenue while practicing economy. In the last 2 years, considerable progress has been made in the work of full-scale staff training, and the political, technical and cultural levels of the workers have been correspondingly raised. By the end of 1981, about 330,000 leading cadres of the industrial and communications enterprises at and above the county level have undergone rotational training. This figure accounts for 64 percent of the total number of leading cadres. Many enterprises have also set up various types of spare-time schools and rotational training classes. The enrollment rate of the workers has reached 50 percent or more. In this way regular training systems have been gradually established.

3. The management work of the enterprises has been placed in a very prominent position. With the expansion of the decision-making power of the enterprises, some enterprises, under the guidance of the state plan, have begun to pay attention to the auxiliary function of adjustment by market mechanism. They have gradually adjusted their orientation from grasping only production management to grasping marketing and operation, and set up related groups and systems for marketing and sales, made their production plans in accordance

with the sales volume, conducted market investigation and forecasts, strengthened cooperation between industry and commerce, paid attention to the opinions of the end-users, and served the end-users in a better way. They have held fairs and produced goods with reference to the sales potential. Thus the variety of their products has been continuously on the increase, and the quality has been further improved. All this has greatly promoted the work of developing production and enlivening the economy.

4. Various places have carried out experiments on expanding the decision-making power of the enterprises, and set forth the system of economic responsibility for industrial production. By the end of 1981, over 70 percent of the state-run industries and enterprises throughout the country had initially implemented various types of economic responsibility systems. All those units that have really implemented the economic responsibility system effectively have increased their production and income and attained better economic results. Some enterprises have also combined the personal responsibility system, the distribution of quotas and the economic responsibility system. They have thus initially formed an economic responsibility system that can integrate responsibility, rights, and benefits within the organization of the enterprises. Also the principle of distribution according to work can be further realized.

5. The organization and structure of the enterprises have gradually improved. In many regions and departments, with the aim of rationalization of the organization and structure, the enterprises have been reorganized and amalgamated to form various kinds of specialized companies. Nearly one-third of the enterprises in Beijing, Tianjin and Shanghai have been organized and mobilized, and experiences have been gained in changing the conditions of "small but complete," "big and complete" prevalent in our industries and enterprises.

All these achievements have resulted from implementing the party Central Committee's series of principles and policies since the third plenary session, reflecting the fact that our country's industries and enterprises have shaken off the long-dominant "leftist" ideological influence, and have gained a new beginning in realistically following a new path in developing the national economy.

While affirming our achievements, we should also pay enough attention to the existing problems. In the first place, the development of enterprise reorganization work is uneven. According to incomplete statistics, in some regions, 25 percent of units have done a good job in reorganization work about 60 percent are in an intermediate state; and about 15 percent of the units have not carried out reorganization work seriously. The management of 11 percent of units is in a state of chaos, and many problems are still to be solved. With respect to the requirements of modernized management, even those well-reorganized enterprises still leave much to be desired. In quite a number of enterprises, the problems of overstaffing and slackening

of labor discipline are rather serious. Some of the enterprises violate financial and economic discipline to a considerable degree, such as exaggerating costs, inventing excuses to grant bonuses, subsidies and material objects, and even resorting to evasion of taxes and engaging in malpractices for selfish ends. The existence of such problems are mainly due to the fact that the guiding ideas in running the enterprises are erroneous, the system of management is unsound, and the ideological and political work is comparatively impotent. It also reflects that the positive results gained in the reorganization work during the last few years have not been consolidated. In the second place, the situation of poor economic effect has not been fundamentally changed. Although the economic effect of most enterprises has been enhanced after several years of reorganization, many enterprises still operate at a loss, and the economic targets of some enterprises have not rescaled their historical heights. The industrial gross output value generated by every 100 yuan of fixed assets of the state-run industries and enterprises averaged 102 yuan per year in 1979 and 1980, 26 percent lower than that of 1957 which was 138 yuan; the taxes and profits generated by each 100 yuan of capital averaged 24.8 yuan per year in 1979 and 1980, 28 percent lower than that of 1957 which amounted to 34.7 yuan; the net output value generated by every industrial worker has increased by an average 3 percent in the last 2 years, much lower than the 16.4 percent average increase per year in the first 5-year plan period. From January to November 1981, in the state-run industries and enterprises, the labor productivity of all the personnel, profits and the quality of some of the products dropped compared with the year 1980, and the comparable costs of products and material consumption have increased. Of course, some factors cannot be compared in different periods, but the basic fact that the economic effect is rather poor remains a serious problem confronting us.

Raising the economic effect of the existing enterprises is the starting point as well as the ultimate aim in the course of our conscientiously implementing the 8-character policy. It is also the primary task of our current economic work. In order to increase the economic effect of the existing enterprises, in addition to doing a good job in the reorganization of the economy, transformation of the systems and carrying out well-planned technological reform of the enterprises, the fundamental way lies in further reorganizing the existing enterprises to effect an overall elevation of the enterprise's standards of production technology and management.

In order to further reorganize the enterprises, all the problems of the enterprises must be dealt with comprehensively. In other words, we should not reorganize only certain aspects or links in the enterprises, but should conduct all-round reorganization. That is, reorganization of the leading bodies, the ranks of staff and workers, management systems, labor discipline, financial and economic discipline, the party's style of work, the strengthening of political and ideological work, and so forth. Through the reorganizational work, the enterprises should step-by-step establish a leadership

system and style that integrates democracy with centralization, gradually set up a team of working personnel who are both red and expert, and gradually set up a series of scientific and civilized management systems. The reorganization and restructuring within the enterprises, and also the transformation of technology, should have the enhancement of economic effect as the main target, and they should proceed step-by-step in a planned way while integrating the work of all-round reorganization.

All the enterprises should formulate a plan of all-round reorganization based on their own concrete conditions. They should grasp the key link and carry on reorganization and construction work in a down-to-earth manner and in accordance with priorities. At present, it is especially important to seriously reorganize and perfect the economic responsibility systems, to directly associate the economic benefits of the enterprises with the results of production and operation, to associate the economic benefits of the workers with collective gains and the endeavors of the individual members, and correctly handle the relationships between the state, the collective and the individual. The implementation of the economic responsibility system must be coupled with intensive ideological and political work, so that the initiative of the workers can be fully mobilized. In the course of reorganizing and perfecting the economic responsibility systems, the enterprises must earnestly enforce labor discipline and financial and economic discipline, must reorganize labor structure and organize production with designated numbers of workers and quotas, must explore and broaden the new modes of production, dispose of surplus manpower properly, and do a good job in training the personnel. All the enterprises should, in accordance with the party's principles and policies and under the guidance of the related leading departments, actively and conscientiously do a good job in the overall reorganization and construction, blaze a new trail in the work of management and operation, and attain greater achievements in enhancing the economic effect.

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NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' DISCUSSES TRANSFORMING ENTERPRISES

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[Article by investigation group of the Economic Research Institute of the State Construction Commission: "How To Do Well the Transformation Work of the Existing Industrial Enterprises"]

[Text] Between May and September last year, we went to Sichuan and Liaoning Provinces and other places and conducted investigation into the problems in transforming existing industrial enterprises. How some problems we encountered in the investigation and our tentative ideas are presented here as follows:

Over the last 32 years, in expanding its production capacity, our country has established a relatively complete industrial system and the national economic system with the newly built factories as the dominant factor and now has 40,000 industrial enterprises in all. The original value of the fixed assets of the state-run industrial enterprises is 446 billion yuan, of which the original value of the fixed assets of Liaoning and Sichuan Provinces ranks first and second respectively throughout the nation. These two provinces have a relatively solid industrial foundation, a satisfactory variety of industrial sectors and enormous potentials, but influenced by "leftist" guiding ideology for a long time, they attached importance only to the construction of new production projects to the neglect of the replacement and transformation of the existing fixed assets, thus resulting in a low utilization rate of fixed assets and relatively poor economic effect. A considerable part of fixed assets has entered "menopause" or "extended active duty" and has become a grave stumbling block obstructing the national economy from advancing to a benign cycle. The 15 enterprises delegated to Shenyang by the First Ministry of Machine Building have 1,250 machines. Among them those which are so inaccurate that they cannot be used any longer and which call for urgent replacement and transformation constitute 14.2 percent. In accordance with the present level of investment in tapping potential, renovating and transforming, it will take 7 or 8 years to update and transform these machines. The Shenyang heavy-duty machine-building factory known as one of the "8 major steelworks" throughout the country has 1,462 machines, the average service life of which is 16 years,

of which those that have been in use for over 20 years account for 74 percent. The factory has an area of 540,000 square meters of factory buildings of which those that have been in use for more than 30 years account for 90 percent. Of the 67 industrial kilns, those which were set up in the 1950's constitute 90 percent. They all consume a large amount of energy but produce low thermal efficiency. The factory produces mainly mining equipment with cold and hot-rolling techniques dating back to the 1950's. In making steel, it relies mainly on basic boilers and cannot produce any kinds of high-quality alloy. In steel casting, handmade molding, free forging and casting are still being used. Most of the hot-rolling techniques are nonstandard equipment made domestically in the 1950s with low-quality forging and casting. Cold-rolling technology constitutes basically "five ones" (one worker, one machine tool, one cutting tool, one part and one working procedure). The factory leadership anxiously said: "No one wants old products, yet new products are not being turned out." Over the past 2 years, the production of the factory has decreased continuously. The profit was 30.62 million yuan in 1979; it dropped to 25 million yuan in 1980 and a profit of 5 million yuan was difficult to create in 1981. If no breakthrough is made in product quality and varieties in 1982, this factory will become an enterprise which operates at a loss. The above-mentioned situation shows that the failure to attach importance to the replacement and transformation of the fixed assets of the existing enterprises for many years has had a detrimental effect on the national economic development.

Seen from the situation of tapping potential, renovating and transformation of the existing enterprises, satisfactory economic effects have been achieved especially over the past 2 or 3 years. For instance, in giving priority to the light and textile industries, the funds for tapping potential, renovating and transformation arranged by Chongqing in 1980 totalled 169 million yuan. The return on investment in the same year was 118 million yuan and the output value was increased to 420 million yuan, thus adding 67 million yuan of taxes to the state revenues. The funds for tapping potential, renovating and transformation arranged by Liaoning Province in 1980 were 859 million yuan and resulted in an increase of 3 billion yuan in output value, thus adding 740 million yuan of taxes to the state revenues. All the funds are expected to be recovered within 1 or 2 years. All this proves that "relying on the old factories, tapping potential and transformation" is indeed a construction principle for achieving greater, faster, better and more economical results.

Judged from the investigation materials, to implement this principle, the following problems need study and solutions:

1. The Orientation of the Transformation of Enterprises

What is the orientation, aim and stress of the transformation of enterprises? This question has remained unsolved for many years. The commonly used formulation is "tapping, potential renovating and transforming." The comrades of the enterprises say: The concept of this formulation is unclear, the main direction of attack is not definite, and no prominence is given to the stress, thus bringing us quite a few problems in transforming enterprises. Their

manifestations centered on "three more, three less": more investment was allocated to projects of a capital construction nature for restructuring and expansion and which can directly increase production capacity while less investment was allocated for raising the efficiency of the existing fixed assets, for maintaining simple reproduction and for necessary replacement and transformation of the existing enterprises; more attention was paid to continuing to use technical reproduction while less investment was allocated for the adoption of new technology and equipment to reduce the consumption of energy and materials and to boost product quality and varieties and for ensuring safe production; more investment was allocated for direct production projects while less investment was allocated to forming complete sets of nonproduction projects. For example, in recent years, the proportion of investment allocated for enhancing the capability to expand reproduction increased year by year, ranging from 31.6 percent in 1979 to 41.5 percent in 1980 and 52.6 percent in 1981 while that allocated for maintaining simple reproduction and improving the utilization rate of fixed assets decreased year after year, ranging from 49.5 percent in 1979 to 41.5 percent in 1980 and 29.5 percent in 1981. The investment made by Shenyang for increasing product quality and varieties constituted 18.4 percent in 1979, 15.7 percent in 1980 and 4.2 percent in 1981. Of the 6.82 million yuan earmarked for economizing on energy in 1981, 2.7 million yuan was diverted to other purposes. Of the 5 million yuan arranged by Chongqing in 1980 as funds for tapping potential, renovating and transforming, the portion which was used for directly expanding the capacity of fixed assets accounted for 54 percent, that used for replenishing and increasing the comprehensive production capacity occupied 24.5 percent, that used for moving the enterprises to other locations constituted 4.2 percent, that used for bringing under control the three wastes and for comprehensive utilization made up 3 percent but that really used for renewing equipment comprised only 13.7 percent. On the one hand, some enterprises were like "an ox pulling a rickety cart" with their product quality and varieties failing to progress, and on the other hand, people blindly expanded the production capacity and concentrated on output value. This practice was, in terms of macroeconomics, obviously irrational.

Then what is the orientation and aim of the transformation of enterprises? Where should the stress of transformation lie? In our opinion, the orientation of the transformation of enterprises must be to expand reproduction by intension and must be to mainly improve the utilization rate of the fixed assets of the existing enterprises, to adopt new skills, new technology, new equipment and new materials which suit China's national condition, to gradually update and transform the backward technology and equipment and to strive to approach and catch up with the world advanced levels.

The aim of the transformation of enterprises must be to use the minimum investment to achieve relatively good economic effect in a relatively short time and the quality and varieties of the main products and the technical and economic targets catch up with the domestic advanced levels and try hard to approach the catch up with the world advanced levels, to provide both the domestic and international markets with marketable products of good quality and variety of color and design and to constantly meet the increasing material and cultural needs of the people.

The stress of the transformation of enterprises must be to take technical transformation as the center and the main line, closely center on the improvement of the economic effect and starting with reducing the consumption of energy and materials, rationally utilizing resources, changing the product mix and boosting product quality and varieties, to improve the utilization rate of all the fixed assets and to put an end to the backwardness of all the enterprises. The increase in the volume of fixed assets depends mainly on doing a good job in replenishing and filling in the gaps to make up complete sets of equipment and improving the comprehensive production capacity.

2. The Concrete Targets and Measures for the Transformation of Enterprises

At present, one of the reasons for the comparatively confused situation in the transformation of enterprises is that the state does not have medium and long-term programs and a definite goal and lacks overall arrangements. The comrades of the provincial and municipal economic commissions have summed up this situation into "five don't know": they do not know the orientation and goal of the transformation of enterprises and the standards for their equipment, the actual size of production capacity of the various trades and enterprises; the amounts of funds, materials and equipment they can allot annually; how to arrange the design and construction forces and the number of projects which can be completed and commissioned annually. Hence blindness was serious and widespread. Some projects which had just been completed even became the targets of closing, suspending, merging and shifting (to other types of production), thus causing extremely great waste of the state's financial and material resources.

"Working on old factories, tapping potential and transforming" is a long term strategic principle for socialist construction and the main measure to develop production. However, in regard to such important problems as the orientation, time and principles of China's technical development, the standards for technology and equipment, the product mix, the reform of the economic system, industrial restructuring and construction, the regional economic programs, the possibilities of the state's financial and material resources, the very wide scope of reconstruction projects and the proposition which cannot be realized in some years before the stage of the Seventh Five-Year Plan, we must study and find solutions to them as early as possible. Only in doing so, can it be ensured that the orientation of the transformation of enterprises will forge ahead along the correct path. In accordance with the aforesaid reasons, we propose that we should first of all start with working out the medium and long-term programs for the transformation of enterprises and integrate the concrete targets in the near future for the transformation of enterprises with the long-term programs. This is a link of the first importance for doing a proper job of the transformation of enterprises. By and large, we may take the following two steps:

The first step is a preparatory stage in which plans are to be drawn up and the targets are to be determined. First it is necessary to have a clear understanding of the distribution of the fixed assets and the productive

force of the existing industrial enterprises, draw up the medium and long-term programs for the transformation of enterprises and plans for various trades and professions, clearly determine the orientation, stress and concrete targets of the transformation, formulate the technical and economic policies, the standards for the technology, equipment, product mix, and so forth, and it is necessary to first work out the programs for transforming the industrially developed central cities, the main trades and a batch of key enterprises and organize their implementation in a planned way in key units by stages and in groups. We reckon that the preparatory work in these fields will take about 2 or 3 years. The medium and long-term programs for transforming the enterprises must be worked out mainly by the planning commission with the participation of the economic and construction commissions by extensively arousing the masses of staff and workers to suggest ways and means. All this should be done from top to bottom by mobilizing the wisdom and enthusiasm of both the higher authorities and the grassroots units. The inner plans for various trades and enterprises must be drawn up mainly by the departments concerned with the participation of enterprises run by the central authorities and locally run enterprises. The planning commission must ensure comprehensive balance and at the same time pay attention to the congruity of the projects which are being transformed. All projects to be transformed must be continued whenever we have an accurate understanding of them.

During the stage of the Sixth Five-Year Plan, while drawing up the programs for the transformation of enterprises, the state must grasp well a batch of key enterprises, and particularly the transformation of the machine-building industry, the raw material industry and communications and transportation projects. Under the prerequisite of ensuring the fulfillment of the state's key enterprises, the various departments and localities must, in accordance with the possibilities of their own financial resources, choose and transform a batch of key enterprises and try hard to reduce the transformation periods. One, 2 or 3 years are regarded as suitable for this work. It is imperative to bring the returns on investment into play as soon as possible.

During the stage of the Sixth Five-Year Plan, it is unsuitable to work out too high a concrete target and too rapid a speed for the transformation of enterprises. The following features, such as reducing the consumption of energy and materials and boosting product quality and varieties must be taken as the main targets. They include: 1. reducing the consumption of energy and materials. Special attention must be paid mainly to two things: replacing the equipment which consumes an excessively large amount of energy on the one hand and vigorously manufacturing new technology and equipment as well as raw materials and grasping well the upgrading and updating of key products which consume a large amount of energy on the other hand; 2. centering around the production of daily consumer goods, it is necessary to update the obsolete and backward equipment which seriously interferes with the improvement of the economic effect and the boosting of product quality and varieties on the one hand, and to substantially manufacture new technology and equipment to arm the light and textile industries on the other; 3. concentrating on replenishing the weak links and filling in the

gaps to make up complete sets of equipment and raising the comprehensive production capacity; 4. enthusiastically paying back the money owed by the enterprises for many years in the past in a planned way and striving not to incur any new debts so as to ensure the gradual and coordinated development between the production facilities and nonproduction facilities and between the main and necessary projects in the inner sectors of the enterprises; 5. stressing the replacement and transformation of the equipment and dilapidated factory buildings which interfere with safe production; and 6. paying special attention to bringing the three wastes under control.

The second step is a stage of making the key points stand out and carrying out the transformation in an all-round way. In entering the stage of the Seventh Five-Year Plan, and especially in the last 2 or 3 years of the stage, the readjustment of the national economy will near completion in the main. Then the stress of the state construction policy can be shifted from giving priority to the construction of new production projects to giving priority to the transformation of the existing enterprises [as published]. Our tentative idea is that it will take 10 years (or a little longer) to grasp the transformation of backbone enterprises with backward technology and equipment in stages and by groups in accordance with the principle of importance and priority so as to bring along the transformation of all the industrial enterprises and help effect a big leap in the levels of China's technology and equipment.

3. Integrate the Transformation of Enterprises With Industrial Readjustment and Reform

There is potential in the existing enterprises in varying degrees but greater production potential lies in breaking down the barriers between different departments, between different localities and between different enterprises and rationally organizing the various trades and enterprises. At present, the utilization rate for the industrial fixed assets is only 70 to 80 percent. According to rough calculations of the Sichuan Provincial Planning Commission, if the indices of every 100 yuan of fixed assets, such as the rate of output value, the profit rate of output value, the utilization rate for circulation funds and labor productivity, reach the national average levels, the state will receive an additional 8 billion yuan or more in output value, an increase of 1.6 billion yuan in profit and a decrease of 900 million yuan in the use of circulation funds every year. This proves that improving the utilization rate of fixed assets is the fundamental way out for the transformation of enterprises. But restricted by the system of ownership of different departments, localities and enterprises, while carrying out the transformation, some enterprises are unwilling to take the road of integration. As a result, large fixed assets were left unused on the one hand and production capacity was blindly expanded on the other. In Shenyang, a certain newly built tractor factory with an area of 30,000 square meters of factory building had to be completely dismantled owing to the failure to find a market for its agricultural machinery products. The municipal planning commission wanted to use the buildings of the factory

to expand the production capacity of the woolen mill but due to the restrictions of the system of ownership, it had to abandon its plan. However, the Chongqing-Jialing Joint Motorcycle Enterprise has provided us with good experience. Under the principles of voluntary participation and mutual benefit, by taking the Jialing machine-building factory as the main body and the products as the center and absorbing 32 factories with similar products and related technology, Chongqing established the joint enterprises. In the light of the characteristics and strong points of the various enterprises, the division of labor according to specialization was practiced. In carrying out the necessary replacement and transformation of the existing factory buildings totaling 65,000 square meters and 1,028 machines, the joint enterprise took only 6 months to set up and had expenses of 5 million yuan, thus resulting in the capacity to produce 100,000 motorcycles each year. Compared with the practice of "independently running new enterprises," this method can save an investment of tens of millions of yuan. The integrated reorganization of enterprises has pointed out the direction and created conditions for the transformation of enterprises and in addition, the transformation of enterprises will promote integrated reorganization of enterprises. Therefore, it is imperative to clearly stipulate that the transformation of enterprises, and particularly the transformation of key enterprises must be based on integrated reorganization. It is not permissible for each to do things in his own way.

4. The Problem of Funds in the Transformation of Enterprises

Along with the increase in fixed assets, the funds for transformation of fixed assets will go up year after year. Supposing investment made at the time of the First Five-Year Plan was 100, then the 1980 and 1981 tapping-innovating-transforming funds alone were equal to 20 or 30 times the investment made at the time of the First Five-Year Plan. The annual tapping-innovating-transforming investment is more than 30 billion yuan. How to manage and use well this huge amount of funds and how to bring the returns on investment into full play is the crux of the problem and it calls for urgent study and solution in the course of the transformation of enterprises.

In accordance with the tentative programs and plans for the development of China's national economy, it will be impossible for the state to substantially increase funds for the transformation of enterprises for some years to come. On the one hand, the departments, localities and enterprises are required to use their own funds for the transformation of enterprises as much as possible. On the other hand, under the guidance of state planning, it is necessary to practice careful calculation and strict budgeting, use the money where it is needed most, use a minimum investment to create a maximum new production capacity and bring the returns on investment into full play. This is the point of departure and the foothold for carrying out the transformation of enterprises.

in raising funds for the transformation of enterprises, we must uphold the principle of stressing the funds possessed by the parties concerned as the main part with the necessary state and bank assistance as a supplement. This involves the following problems which need study and solutions.

1. Appropriately increase the depreciation rate for fixed assets. Reducing the depreciation periods is the main way out in finding a solution to the problem of transformation funds for enterprises. At present, the national depreciation rate for the state-run enterprises is 3.5 percent. Freezing the depreciation rate for a long time will be detrimental to the transformation of enterprises and also does not tally with the objective economic laws. However, suddenly increasing the depreciation rate by too large a margin will interfere with the state financial revenues and thus this method will lead nowhere. The general principle must be that along with a favorable turn in the national economy and under the prerequisite of not excessively affecting state financial revenue that year nor increasing product costs, the enterprises be allowed to appropriately increase the depreciation rate every year and shorten the time limit for the use of fixed assets. Whether the depreciation rate for the various trades and enterprises should be uniformly raised and what depreciation rate should be fixed should be dealt with separately. It is not encouraged to find a single solution for diverse problems. According to the results of calculations in Liaoning Province, during the stage of the Sixth Five-Year Plan, increasing the depreciation rate from the present 3.5 percent to 5 percent will mean drawing more than 500 million yuan of depreciation funds out of state financial revenue and the depreciation periods can be reduced from the present 25 to 30 years to about 20 years. The effect on profits to be handed over to the state and product costs will not be too serious. This is because of the total product cost, which constitutes three-fourths of the total output value, the depreciation funds for fixed assets account for only 4.4 percent. If some of the wages and welfare funds are deducted from this, the major part of the total product cost is constituted by the consumption funds used for raw and semi-finished materials, fuel power and so on. The proper use of the 500 million yuan of depreciation funds will produce greater results and the output value and taxes created by these funds can help replace excessively drawn depreciation funds at a greater pace. Furthermore, if the total consumption of materials is reduced by 1 or 2 percent, the taxes will increase. So, from a long-term point of view, we must take the road of properly increasing the depreciation funds every year, shortening the depreciation periods and accelerating the pace of replacing and transforming fixed assets, a road which will help us act in accordance with the objective economic laws.

2. Uphold the principle that, in transforming the present methods of distributing depreciation funds the enterprise should retain a major part of the funds and a smaller part should be centralized in the financial department. Before 1967, depreciation funds were all turned over to the state's financial departments and the tapping-innovating-transforming funds which were needed were allocated by the financial departments in the form of "four-item expenses." After 1967, 30 percent of the funds was turned

over to the state's financial departments; 20 percent was centralized in the hands of the localities and a small part was amassed in the hands of the responsible departments concerned. Only 40-50 percent of the depreciation funds were left over to the enterprises. Practice for some years in the past has proved that these two methods are detrimental to the transformation of enterprises. We are of the opinion, in the light of the different characteristics of each trade and enterprise, that the time limit for the formation of fixed assets, the importance of the transformation tasks and the capacity of the funds possessed by the parties concerned should be dealt with in different ways. For instance, within 5 years after the completion of the construction, reconstruction and expansion of enterprises, the enterprises could turn over 60 to 70 percent of the depreciation funds to the higher authorities; within 10 years, 40 to 50 percent; within 20 years, 20 to 30 percent and after 20 years all depreciation funds are left over to the enterprises. Whether these ratios for distributing the depreciation funds are rational or not remains to be further studied.

3. Practice a system of the enterprise assuming full responsibility for the fulfillment of profits to go to the state's financial departments, encourage the enterprises to exceed the fixed output quotas to get more material benefits, which could then be used in the transformation of enterprises. This system must not be changed for some years once it is fixed.

4. Appropriately increase bank loans, expand the scope of the use of bank loans and practice the use of different interest rates and different repayment times for different trades and enterprises. At present, excessive restrictions are imposed on the granting of bank loans, on the scope of the use of the loans, the interest rates and the repayment of capital and interest. These matters must be flexibly handled and treated on the merits of each case. Under the guidance of state planning, the enterprises are allowed to collect together various funds for a certain use for a period of time under the tightened supervision of the banks.

5. In the state budget, gradually increase the ratio of investment in the transformation of enterprises to the investments in fixed assets. This investment should be used mainly in economizing on energy, effecting an upswing in product quality and varieties and bringing under control waste water, waste gas and waste industrial residue. It should also be used in scientific research and the transformation of key enterprises. These funds should be allocated by the banks in the form of credits. In terms of investment structure, it is necessary to gradually shift the focus of work from giving priority to the construction of new production projects to giving priority to the transformation of the existing enterprises.

6. Formulate rational proportions for various transformation funds. Depreciation funds are of a compensation nature. First of all, they are used for maintaining simple reproduction and surplus funds can be appropriately used for expanding the necessary production capacity. They must not be used

for circulation funds, for making up financial deficits, distributing bonuses or buying treasury bonds. In our opinion, it is fairly suitable to distribute the funds for the transformation of enterprises according to the following proportions: the funds for the replacement and transformation of fixed assets may constitute around 40 to 50 percent; those for adopting new technology, 10 to 20 percent; those for the construction of housing for the staff and workers, about 20 percent, and those for other purposes, around 10 to 20 percent. In order to restrict the enterprises from "engaging in capital construction" under the cloak of "tapping the potential of, innovating and transforming the existing enterprises," the state should start drawing up plans for levying taxes on the use of both fixed assets and land.

7. Strengthen the centralized and unified management of transformation funds and financial discipline. It is imperative to thoroughly sort out the existing funds for the transformation of enterprises and projects in an all-round way. All funds for transformation of fixed assets, no matter through which channels they are raised, are referred to as the funds for the transformation of enterprises and should be included in financial and bank credit plans at various levels and be put under the unified management of certain units. The funds should be arranged in accordance with the programs for the transformation of enterprises and the projects which have been approved by the state.

8. Maintain a balance between funds for the transformation of enterprises and materials and equipment. The planning commission should make overall arrangements for ensuring the supply of materials and equipment. The principle of putting production before capital construction should be upheld.

9. The Problem of a Management System for the Transformation of Enterprises

Along with the gradual shift in the national economic construction policy from giving priority to the construction of new production projects to giving priority to the transformation of the existing enterprises, the ratio of investment in the transformation of fixed assets to the investments in the construction of new production projects will become increasingly large. According to preliminary estimates and calculations, during the stage of the Sixth Five-Year Plan, the investment in capital construction will be about 11 billion yuan and the funds for the transformation of enterprises will be around 8 billion yuan. In such old industrial cities as Chongqing and Shenyang, the number of new projects will decline. However, the existing management system for the transformation of enterprises is not quite suited to the new construction policy. At present, we are encountering a confused situation in which "the planning commission refuses to take any further part in the transformation of enterprises; the construction commission keeps their hands off it and the economic commission fails to manage it." According to the investigation in Sichuan and Liaoning Provinces, the planning, construction and economic commissions have their own separate figures on the size of the annual tapping-innovating-transforming funds. No one has implemented overall control in the matters of plans for the

transformation of enterprises, funds, materials, equipment, design and the arrangements for a construction force. This has resulted in each blaming the other. Therefore, we hold that the situation where the management of the transformation of enterprises "was not attended to by any one of the planning, construction and economic commissions" must change. Under unified and centralized leadership, a clear division of labor should be worked out among the planning, construction and economic commissions. The planning commission must mainly be in charge of the work of examining and approving the medium and long-term programs for the transformation of enterprises. It should carry out the general programs for transforming the key enterprises and the plans for transforming the key projects with the participation of the construction and economic commissions. They should formulate, examine and approve the programs together. Funds, materials and equipment should be put under the overall control of the planning commission. Under the guidance of unified state planning, the division of labor and graded management should be practiced. The transformation projects which are not of a capital construction nature should be organized by the economic commission and the transformation projects which are of a capital construction nature should be organized by the construction commission which should uphold the principle of acting according to capital construction procedures. A specialized body should be established to handle the important transformation projects and reconstruction, equipment manufacture, materials supply, scientific research, design and work method departments should be organized. Under unified guidance, we must share out the work and cooperate with one another so as to ensure the completion of the projects on schedule and help make the most of them. The planning, construction and economic commissions should jointly study and implement the technical line, technical and economic policies and the administrative regulations.

CSO: 4006/398

NATIONAL POLICY AND ISSUES

'JINGJI GUANLI' DISCUSSES ENTERPRISE, URBAN TRANSFORMATION

HK011003 Beijing JINGJI GUANLI in Chinese No 2, 15 Feb 82 pp 25-26, 57

[Article by Zhong Chengjian [6945 6134 6015]: "Transformation of Existing Industrial Enterprises Should Be Combined With the Transformation of the Cities"]

[Text] Systematic technological innovation and introduction of new equipment in existing key industrial enterprises is a policy of strategic importance in promoting the economy while ensuring a steady growth of the national economy. In order to develop our national economy, we should mainly rely on the existing enterprises, fully utilizing the production capacity of their fixed assets while new construction projects are restricted to the energy, transport and raw material manufacturing sectors. This will of course have a bearing on the transformation and construction of cities, especially insofar as industrially developed key cities are concerned. How to correlate the transformation of enterprises and the transformation of cities, putting them under centralized planning and arrangements, ensuring their balanced and coordinated development and gradually adapting them to economic development and people's needs, is an issue of primary importance. Below we discuss our views in this regard.

1. Establishing a Correct Guiding Principle--Unified Planning

Since new China was founded 32 years ago, we have achieved great success in our economic construction, having built up a national economy and industries which are self-sufficient and relatively complete. Urban development has also greatly progressed and dozens of economically developed key cities have been founded and have played an important role in the national economy as "basic installations." However, for a long period of time, we followed the guidance of "leftist," ideology overstressing the importance of turning "cities of consumption" into "cities of production" and pursuing sustained "doubling and redoubling" of industrial output. As a result, the total value of industrial output used to increase 10-fold or even several times that, with forests of chimneys evidencing a high density of factories. The urban area snowballed, and urban public utilities, urban administrative infrastructure, commercial services, culture, education and public health failed

to keep pace. This kind of striking disproportion between "the skeleton and the muscles" has caused a great deal of difficulties in developing production and raising living standards. Since the 3d Plenary Session of the 11th CCP Central Committee, work in this respect has been intensified. However, there are evidently still many problems to be solved because on the one hand, too many pending urban infrastructure projects have accumulated in the past years and on the other hand, the "leftist" influence has not yet been eradicated. In some places, not only does the old problem of "warehouses giving way to industrial premises" and "roads giving way to warehouses" remains unsolved, but new projects are also lagging behind while many old projects remain pending. This constitutes a burden to the task of adjusting the urban economic structure and will protract the process of adjustment. For instance, the population of the 12 cities (of which four have a population of over one million) in Liaoning Province amounts to over 12 million, representing one-third of the province's total population. In the past 32 years, the value of its industrial output has increased 9 times, making it the foremost province in the country with regard to aggregate industrial fixed assets at cost prices. As much as over 1.2 billion yuan should have been, but was not, spent on public utilities, housing construction and other urban infrastructure. The shortage of housing is especially acute. The per capita living space is only 3.4 square meters in spite of the great efforts made in housing construction in the past couple of years. In Shenyang City, which has a total of 603,000 households, 48 percent of the households either cannot find accommodation or are living in crowded and inconveniently located houses. Deficiencies in public utilities and in treatment of the three wastes and other urban infrastructure is also very serious. Of the urban area of Liaoning Province, which totals 700 square kilometers, half is not provided with drains and over 1,000 kilometers of roads are not sealed; daily water and gas supplies fall short by 600,000 tons and 300 cubic meters respectively; half of the 14,900 kilometers of existing drain-pipes, water pipes and gas supply pipes were laid before liberation and are in a bad state of repair, giving rise to frequent breaks and leakages. Urban traffic congestion and crowded vehicles have become a widespread phenomenon. According to an estimate by Shenyang City if we reconstruct those roads which constitute bottlenecks, so as to put an end to congestion and raise driving speed, then we will be able to take 7,000 to 8,000 vehicles off the road. The calculation was based on the aggregate loads carried by the 38,000 trucks currently in service. This will not only save energy, but also ease the strain on the provision of public transport service. The problem of environmental pollution due to the three wastes is also alarming. In Chongqing City, over 1,000 enterprises which are regarded as major sources of pollution are discharging 11 million cubic meters of industrial smoke, 5 million tons of industrial wastes and 900 million tons of industrial sewage per year, badly polluting the Changjiang River and the Jialing River.

The above picture shows clearly that we are facing a situation in which our urban economic structure is largely lop-sided and the restructuring of the existing industrial enterprises must be correlated with the transformation

and construction of cities. We must firmly adhere to the correct guiding principle and see the matter in its correct perspective. In respect of enterprise restructuring, we should not focus on alterations and expansion of the fixed assets, which would result in an immediate expansion of production capacity, or on new construction projects for extending factory premises while neglecting the importance of raising the efficiency of the fixed assets. We should not merely emphasize that urban construction should serve the needs of production while neglecting urban transformation and construction. We should not merely pursue higher profitability by switching to larger scale production while cutting back on investments in urban construction.

In particular, it is to be pointed out that restructuring enterprises and actively developing small towns should go hand in hand, for about 70 percent of our industrial output by value comes from a few dozen key cities where overcrowded industrial zones and residential areas are mixed up in a disorderly way and where there is no vacant space left. The opportunity of restructuring enterprises should be used to create conditions for enterprises which do not fit the urban environment to move, according to a plan and in stages, into small towns. At the same time the state should set about elaborating a corresponding policy with a view to encouraging some enterprises to develop in small towns, easing the pressure on large cities and gradually adjusting the lay-out of our productive forces.

4. Adjusting the Proportions--Investing in a Rational Way

As regards adjusting the urban economic structure by gradually making up for the insufficient investment in the past in urban infrastructure, the kernel of the issue is to maintain a fixed ratio between the investment in urban renovation and construction and the investment in projects related to industrial enterprises' restructuring. For many years, investment in the productive sector has constituted too large proportion while the investment in urban construction has failed to maintain a correlative proportion. For instance, in Liaoning Province, the investment in urban construction took up 19 percent of the total investment during the First Five-Year Plan and thus "the skeleton and the muscles" were in comparatively good proportion. But during the Second Five-Year Plan, this percentage dropped to 10.8 and this remained at that level ever since, causing the contradiction between "the skeleton and the muscles" to become increasingly acute. Since the 3d Plenary Session of the 11th CCP Central Committee, the investment in urban construction has grown at a good pace, marking the beginning of an adjustment of the ratio. But due to the aggregate insufficient investments in the past, the current investment level is far from being adequate if we want to make up for the investment deficiency and ensure sufficient new investments. In the past couple of years, Liaoning Province has managed to raise 400 million yuan per year for investment in urban construction. Of these funds, only 100 million yuan could be used to make up for insufficient investment in the past, while 300 million yuan was for regular expenditure

of urban repairs and maintenance. According to a rough estimate, it will take as much as 20 years to make up for the past insufficient investments in urban construction, which amount to about 2 billion yuan (exclusive of housing and treatment of the three wastes). Apparently urban construction cannot meet the growing needs of producers and consumers.

While commenting on urban construction, comrades from the central authorities have said that we should not erect too many new factories. Instead, money should be used for urban repair and maintenance, for investment in a growing number of urban construction projects. They also said it is necessary to fix an appropriate ratio for the investment in urban construction. The method used to calculate and determine the ratio for investment in urban construction has for many years consisted of evaluating a ratio between investment in urban construction and investment in capital construction. Now, this method cannot reflect the true ratio between urban construction and industrial production. Especially now that the scale of investment in capital construction has been quite substantially reduced in the past few years, thus making the denominator smaller and the relative ratio of investment in urban construction larger, this method cannot fully reflect the amount of investment. Besides, the scale of investment in restructuring and renovation projects has been growing. According to statistics, in 1980 alone, the investment for restructuring and renovation in all the state enterprises, increased over 11 times with respect to the First Five-Year Plan. This sort of investment also requires a correlative development of investment in urban construction. Therefore, it is evidently inappropriate to use the old method to determine the proportion of the investment in urban construction. We propose adopting the method of unified planning to determine the proportion of the investment in urban construction. This method takes into account five factors which have a bearing on urban construction (urban population, industrial fixed assets, the value of industrial output, local financial revenue and investment in capital construction) while determining a rational investment coefficient. Based on the actual investment in urban construction in 1979 and 1980, Liaoning Province has arrived at a figure of 0.47 percent as the urban construction investment coefficient. In future, while calculating the total amount to be invested in urban construction in any year, we may just multiply by 0.47 percent the sum of the projected amount of investment in urban construction calculated on the basis of urban population, the value of industrial output, the value of the fixed assets at their cost prices, the amount of local revenue and the amount of investment in capital construction and the resulting figure will represent the actual amount to be invested in urban construction. Evaluated according to this coefficient, in 1980 the two cities of Shenyang and Dandong should have invested 7 to 8 million yuan more in urban construction, equivalent to 3 to 5 yuan more per capita of investment in urban construction. It is forecasted that during the Sixth Five-Year Plan, the province will invest about 520 million yuan in urban construction per year, of which about 200 million yuan will be used to make up for the past deficient investments. In this way, all the deficient investments accumulated in past years will be made up for in about 10 years. Then the urban construction will be much better adapted to the needs of production development due to the restructuring of the existing enterprises and will also contribute substantially to raising living standards.

3. Encourage Fund Raising, Strengthen Management

During the period of readjusting the national economy, the state will not be in a position to appropriate more money to invest in urban construction. Therefore, in order to get enough investment funds for urban construction, we should, apart from resorting to the current appropriations (including the budget for the three items of repair and maintenance, 5 percent profit taxes levied on urban industrial and commercial enterprises and subsidies for special projects) and the revenue from some kinds of taxes which we may reasonably introduce for urban construction, ask existing industrial enterprises to raise funds and jointly undertake restructuring and construction projects relating to public utilities and other urban infrastructure in accordance with their restructuring schemes. That means, if the restructuring has resulted in an additional demand for water, gas or equipment for treating the three wastes, the enterprises concerned can jointly undertake investments, which will be put under the central control of the departments in charge of urban construction insofar as the planning, construction, water and gas supplies and management are concerned. Large projects may take the form of joint-venture investment by the state, the enterprises concerned and the departments in charge of urban construction on a capital and profit-sharing basis. Recently Shenyang City has started building a high pressure gas works designed to provide 540,000 cubic meters of gas per day. The total cost amounts to 150 million yuan, of which some 70 million yuan are invested by the state and local government in the projects within the factory premises, the remaining 70 million-odd yuan being invested by the users (mainly enterprises) in gas pipelines. It has proved to be a good way of raising funds and beneficial to all the parties concerned. From the viewpoint of the economy as a whole, this facilitates coordinated development and utilization of water and gas resources and centralized treatment of the three wastes as well. In this way, urban restructuring and construction can be correlated with the development of industry. As regards urban construction, more secure sources of funds will speed up the pace of its restructuring and development, facilitate centralized management of public utilities and other urban infrastructure and reduce losses and waste while at the same time contributing to the reform of the management system.

(SO: 4906/398)

ECONOMIC MANAGEMENT

PRC ATTACHES IMPORTANCE TO STATISTICAL WORK

OW031421 Beijing XINHUA Domestic Service in Chinese 0156 GMT 3 Apr 82

[Text] Beijing, 3 Apr (XINHUA)--The state statistics bureau has recently begun verifying the various figures on implementation of the 1981 national economic plan. A cadre of the Liaoning provincial statistics department reported on how it verified grain output figures: Together with other departments concerned, it sent 1,250 persons to make investigations at 305 selected production teams located in good harvest, poor harvest, mountainous, plain and hilly areas. These production teams had reported an aggregate grain output of 83.15 million jin. The verified output was 84.16 million jin, 1.01 million jin or 1.1 percent more than the reported figures. On the basis of this verification, the provincial statistics department accurately calculated the province's total grain output.

This episode reflects the efforts being made by China's statistics departments and other departments concerned to increase the accuracy of statistics figures and improve the service and supervision functions of statistics work in the national economy.

Since the downfall of the "gang of four," in particular since the 3d plenary meeting of the 11th Party Central Committee, the state statistics bureau and the statistics workers of various areas and departments have been setting things straight, strictly following the party's line of seeking truth from facts, reforming and perfecting the statistics system and methods and going to basic-level units to conduct investigation in coordination with related areas and departments. To meet the needs in the development of the national economy, they constantly expand the scope of the statistics work and analysis. Dealing with hundreds of millions of figures, they have provided large quantities of statistics figures and economic analysis materials. These figures and materials basically reflect the actual condition of the social and the national economic development, including the achievement of and problems in industrial and agricultural production, the change in the national economy structure, the analysis of the results of the capital construction investment, the energy consumption indices of major enterprises, the purchase and marketing situation of commerce and foreign trade, the revenue and expenditure trend in finance, credits and loans, the living standard of worker and peasant families, the development of cultural and educational undertakings and so on. These provide an important basis for leading organs' decision-making and other departments' good planning and research work.

Today, the importance of statistics work is known to many sectors. The socialist economy is an organic entity. If it is considered a machine, statistics is the machine's dashboard. The dashboard will tell whether the machine is running normally. If it is not running normally, adjustment can be made. Therefore, people vividly describe statistics as "the correction device" for the national economy. Leading comrades of the party central committee and the state council have on many occasions stressed the importance of good statistics work, praised the "tremendous achievement in the statistics work" and decided to provide more manpower and funds for statistics work while the structure of state organs is being reformed. Principal responsible persons of many provinces, municipalities and autonomous regions have personally taken care of statistics work. Statistics and analyses of statistics departments at all levels are widely made use of by the economic department and research, journalist and theoretical circles. In the first quarter of this year, the news media in the capital alone reported these statistics and analyses of the state statistics bureau on 15 occasions.

At the recently held national meeting of statistics bureau directors called by the state statistics bureau, participating comrades studied the new situation and problems of the statistics work and proposed measures for improvement. The meeting decided that statistics departments at all levels this year must use various methods to increase the accuracy of statistics figures and conduct statistical analyses centering around the economic results in order to give full play to the service and supervision functions of statistics in the national economy.

Doc: 4006/402

ECONOMIC MANAGEMENT

TIANJIN MEETING ON HITTING ECONOMIC CRIMES

HK020239 Tianjin City Service in Mandarin 2330 GMT 25 Mar 82

[Summary] The Tianjin Municipal CCP Committee convened a meeting of party members and leading cadres of districts, counties and bureaus on 25 March to make further arrangements [passage indistinct] The meeting also adopted a decision demanding that the municipality grasp this struggle as one of the key tasks for this year, and rapidly unfold it in the second quarter.

Municipal CCP committee secretary Yan Dakai presided at the meeting. Second secretary Huang Zhigang made a speech. He pointed out: The municipality has scored some success in work since the central authorities issued important instructions on hitting at economic crimes. "However, work is still very slow in many units, and the struggle has not been unfolded. Certain units are even still waiting to see what will happen."

Huang Zhigang pointed out: "Party committees at all levels must fully understand the gravity, harmfulness and danger of illegal and criminal activities in the economic field, and deepen their understanding of the significance of this struggle. The party committees at all levels must rapidly bring their thinking in line with the central instructions." The party committees must also take the following steps:

1. Set up effective work groups. This struggle must be waged under the unified leadership of the party committees at all levels. The principal responsible comrades of the party and government departments must grasp it personally, and outstanding cadres must be organized into groups to handle it.
2. Step up inspection and supervision.
3. Speed up the handling of a number of major cases.
- "4. We are not launching a mass movement in this struggle; we must adopt the method of handling cases. However, we must fully follow the mass line."
5. Do a good job in propaganda and education, to form powerful public opinion.

Huang Zhigang also pointed out: We must correctly grasp the central principles and policies on conducting this struggle, and deal steady, accurate and hard blows at illegal and criminal activities in the economic field. It is necessary to launch a powerful offensive against criminal elements before 1 May and compel them to give themselves up and make a clean breast of their crimes.

CSO: 4006/403

ECONOMIC MANAGEMENT

GUANGDONG ON ECONOMIC CRIMES, OPEN-DOOR POLICY

HK070919 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 6 Apr 82

[Station commentary: "Steadfastly Crack Down on Economic Crimes and Carry Out the Special Policies and Flexible Measures"]

[Summary] "The deepening of the struggle to crack down on economic crimes has been stipulated as one of this year's key tasks by the party central committee and the provincial party committee. This struggle concerns the life or death of our party and state and also concerns the success or failure of our province in carrying out the special policies and flexible measures. Since the 3d plenary session of the 11th CCP Central Committee and in accordance with the central authorities' instructions, our province has carried out the special policies and flexible measures and experimented with various economic measures. Subsequently, our economy is thriving. Relatively rapid progress has been achieved in production and construction and in various other tasks. The people's standard of living has improved. The results achieved are very obvious."

But in our work, new conditions and new problems have also arisen. In carrying out the open-door policy, some people have been corrupted by bourgeois corrosive ideas. This has found prominent expression in smuggling, trafficking in contraband, speculation, fraud, graft, bribery, and the appropriating of state and collective property, and these illegal and criminal activities have been very rampant since the beginning of the year. Therefore, while carrying out the open-door policy, we must extensively launch the struggle to crack down on illegal and criminal activities in the economic field and resist corrosion by capitalist ideas.

Some comrades worry that the crackdown on criminal activities in the economic field may interfere with the implementation of the special policies and flexible measures. It must be noted that the open-door policy is a steadfast policy adopted by our party in light of the needs of socialist construction and the developing international situation. If we had not done so, we could not have changed the situation of isolation that had long prevailed or accelerated the pace of modernization. On the basis of this basic national policy, Guangdong has carried out special policies and flexible measures. This is a firm and steadfast policy.

"Of course, we cannot depart from the four basic principles in carrying out the open-door policy. Nor can we depart from state laws in carrying out special measures. Smuggling, trafficking in contraband, speculation, fraud, and appropriating state and collective property are outright criminal activities. They can only have a disruptive effect on the implementation of special policies and flexible measures. Therefore, we must resolutely crack down upon them. This is also a firm and steadfast policy. In a word, a resolute crack-down on illegal and criminal activities in the economic field is prompted by a desire to effectively implement the special policies and flexible measures. The two are unified.

"In this struggle, we must not only pay close attention to major and important cases by severely punishing those lawbreakers and criminals in the economic field but also conduct among the masses of party members and cadres extensive education on the need to resist corrosion and obey law and discipline. Through education, we will enable everyone to understand that the greater the stress on the implementation of the open-door policy the greater is the need to serve the public faithfully and honestly and obey law and discipline. There is no 'special zone' concerning party work style. Nor is there a 'special state law'."

CSO: 4006/401

ECONOMIC MANAGEMENT

ECONOMIC CRIMINALS URGED TO GIVE THEMSELVES UP

HK060923 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 5 Apr 82

[Text] A responsible person of the Guangdong provincial people's procuratorate told this station's reporter yesterday that the decision adopted by the NPC Standing Committee on severely punishing the economic criminals who had done serious damage to the economy had manifested its immense power. By the end of March, 116 economic criminals in various parts of the province had given themselves up to the judicial departments and had returned over 423,000 yuan of illicit money and a number of bribes in the form of TV sets and so on.

He emphatically pointed out that there is little time left between now and 1 May. All people who have committed crimes in the economic field, including those VIP's who until now are still holding leading posts, should get a clear understanding of the situation and cast away illusions by giving themselves up immediately. They should never miss the invaluable opportunity of being meted out lenient punishment.

The responsible person of the provincial procuratorate repeatedly stressed that the decision of the NPC Standing Committee fully embodies the consistent policy of the party and government in dealing with criminal elements, that is, the combination of severe punishment with lenient one and leniency to those who confess their crimes and severity to those who refuse to. All criminal elements, whatever great crimes they might have committed in the past and however stubborn they might have been in admitting their guilt, will be handled leniently in accordance with the relevant clauses of the past law provided that they give themselves up of their own accord and make a clean breast of their crimes by 1 May. Those who have performed meritorious deeds by actively reporting and exposing offenses to the authorities or who have really mended their ways by sincerely admitting their guilt and actively returning illicit money or bribes will receive a reduction of or exemption from penalty.

The responsible person of the provincial procuratorate pointed out that the economic criminals should not let slip the opportunity for it may never come again. What course to follow--that is a question all the economic criminals must quickly decide for themselves. If they should obstinately stick to their wrong course by refusing to give themselves up or destroy incriminating evidence, obstruct other people's attempt to report and expose them and even create disturbances by committing physical assault as a means of reprisal, they will certainly eat their own bitter fruit.

CSO: 4006/402

ECONOMIC MANAGEMENT

QINGHAI OPEN TRIAL AGAINST ECONOMIC CRIMINALS NOTED

SK311144 Xining Qinghai Provincial Service in Mandarin 2330 GMT 30 Mar 82

[Excerpts] According to our correspondent, the Xining Municipal Public Security Bureau and the municipal people's procuratorate jointly held a rally 30 March to openly try 12 criminals involved in eight cases concerning speculations, swindling, embezzlement and bribery.

From June to December 1980, (Lin Shengxiang), (Ma Wenqing) and (Jin Yongcai) formed a partnership to resell at profits in Xining, Sichuan and other places some 960 liang of musk, 25 jiang of musk kernels and 209 jin of Chinese goldthread rhizome, worth 148,900 yuan. They netted a profit of 35,600 yuan, 13,000 yuan of which was obtained by (Lin Shengxiang); 4,000 by (Ma Wenqing); and 2,800 by (Jin Yongcai). The rally declared that these three criminals should be apprehended according to law. The rally also declared the apprehension of two speculators and profiteers, (Cui Xinming) and (Liu Guojing).

Attending the rally were (Qiang Jianhua), leading comrade of the Xining Municipal CCP Committee, responsible comrades of the provincial and Xining municipal public security and procuratorial organs and people's courts as well as many cadres and the masses, over 5,000 people in all.

Comrade (An Weiming) spoke at the rally. He said that we should adopt strong measures to stop criminal activities in the economic field. He urged all economic criminals to gain a clear understanding of the situation and surrender to the police before 1 May. Relatives, friends and superiors of criminals should persuade criminals to realize their errors and report their criminal offenses and expose other offenses as soon as possible to receive lenient punishment.

CSO: 4006/403

ECONOMIC MANAGEMENT

KONG FEI REPORTS ON ECONOMIC CRIMES

SK020746 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 1 Apr 82

[Excerpt] According to our sources, on 30 March Kong Fei, chairman of the regional people's government, pointed out in his government work report: We should strike relentless blows at criminal activities in the economic field, seriously handle major cases and strengthen public security work to ensure smooth development of economic construction. Kong Fei pointed out: Criminal activities in the economic field are very serious. Cases concerning smuggling, embezzlement, robbery, speculation and profiteering are rampant in many localities. Unable to withstand sugarcoated bullets, a small number of cadres accept bribes, wink at and shield criminals and even directly engage in criminal activities. We must pay great attention to this situation and adopt strict measures to check unhealthy practices. Major offenses with conclusive evidence must be severely and promptly dealt with according to law. More severe punishments should be imposed on major active economic offenses involving responsible comrades. Criminal cases which occurred in the past 2 years and have not yet been handled for whatever reason should be handled as soon as possible.

People's governments at all levels should take the lead in promoting healthy tendencies and maintaining a socialist economy and voluntarily cooperate with discipline inspection commissions and judicial departments to achieve success in this work. The key to achieving success in this work is in dealing resolute blows at criminals. Only in this way can we improve party workstyle, purify society, protect the socialist economy and educate and redeem cadres.

USO: 4006/403

ECONOMIC MANAGEMENT

BRIEFS

GUANGDONG INSPECTION GROUPS--The Guangdong provincial CCP committee has dispatched 12 inspection groups, composed of 67 provincial organ cadres, to Shantou, Huiyang, Shenzhen, Zhuhai, Zhanjiang, Zhaoqing, Hainan and elsewhere to inspect and supervise the handling of major criminal cases in the economic field. Provincial CCP committee secretary Li Jianzhen and standing committee member Kou Qingyan spoke to the groups before they set out. They urged them to do their work really well. [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 20 Mar 82 HK]

GUANGDONG BANK ACCOUNTANT PUNISHED--(Tci Xinfang), accountant of the (Qianshui) office of the Wuchuan County branch of the Agricultural Bank of China, took advantage of his position and power and from 1978 to July 1981, embezzled public funds of some 605,000 yuan from the bank. This is the biggest embezzlement case which Guangdong Province has ever cracked. (Li Xinfang) and eight accomplices have been arrested by the political and legal organs in accordance with the law and are being tried. (Li Xinfang) committed graft in the beginning of 1978. In October 1980, in collusion with his son, (Li Yuhua), and other people unlawfully and privately set up the (Qianshui) commune goods center with (Li Yuhua) as a cashier. The goods center was a trust organization in name and bought and sold goods for customers. In reality, using the goods center as cover, (Li Yuhua) in collusion with (Li Xinfang), embezzled public funds from the state bank and used these funds as their capital for peddling smuggled goods and carrying out speculation and profiteering. They unlawfully sold 70 tons of rubber, the purchase of which is a state monopoly; 200 tons of chemical fertilizers and other goods. They smuggled some 1,600 watches. The criminal activities of (Li Xinfang) and his accomplices were supported and covered up by leading people of some departments and units. (Qianshui) commune recognized the (Qianshui) goods center as a lawful organization on condition that the goods center paid a management fee of 5,000 yuan a year. In addition, the goods center gave bonuses to principal leading persons of the commune and thus obtained a lawful business license. [Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 7 Apr 82 HK]

HENAN ECONOMIC CRIMES CIRCULAR--The preparatory group of the discipline inspection committee of the Henan Provincial CCP Committee recently issued a circular on investigating economic crimes to CCP committees and discipline inspection committees at all levels. The circular points out that when other provinces and municipalities send people to our province and all prefectures, municipalities, counties, districts, departments and units in our province to investigate economic criminal cases, we must facilitate and vigorously support their investigations and warmly receive them. We must practically and realistically inform them of the situation. We must also help and educate people involved in these cases to give real evidence. The circular points out that in the course of investigation, if we discover that people who know the facts of a case hinder or make things difficult for investigators, do not inform them of the real situation, conceal criminal facts, destroy criminal evidence or forge evidence, relevant departments and party organizations must promptly and clearly investigate the facts. These people must be educated, criticized and punished in accordance with the seriousness of the case. [HK310957 Zhengzhou Henan Provincial Service in Mandarin 1100 GMT 27 Mar 82 HK]

SHANGHAI ECONOMIC INVESTIGATION--The Shanghai Municipal People's Government held a meeting on 19 March for responsible persons of relevant municipal commission, offices and departments to hear a report by the State Council's enterprise finance inspection group on the results of its inspection in Shanghai. The inspection discovered 2,391 cases of illegal economic activities involving 2,811 persons. The inspection will end in late March or April. The group proposed that a series of measures be taken in ideology, system and management to ensure strict adherence to financial and economic discipline. Chen Jinhua and Pei Xianbai, vice mayors of Shanghai, attended the meeting. They pointed out that investigation will continue to illegal activities, especially major ones. [as printed] [OW231419 Shanghai City Service in Mandarin 2300 GMT 19 Mar 82 OW]

CSO: 4006/403

FINANCE AND BANKING

PRC AGRICULTURAL BANKS ISSUE MORE LOANS

OW031505 Beijing XINHUA in English 0227 GMT 1 Apr 82

[Text] Beijing, April 1 (XINHUA)--The China Agricultural Bank and rural credit cooperatives made loans totalling 33,280 million yuan for promoting agricultural production in 1981. This was about 4,100 million yuan more than loans granted in 1980, XINHUA learned at a national meeting sponsored by the bank.

Loans were made to rural communes, production brigades and commune members to expand agricultural production and other undertakings including livestock and poultry raising, tea and fruit growing and small rural industrial workshops. Some of the loans were issued to state farms.

Loans issued to collectives and peasants for promoting farm production and sideline undertakings amounted to 16,070 million yuan, 10.9 percent more than in 1980.

The Agricultural Bank in Nenjiang Prefecture, in sparsely populated Heilongjiang Province, granted 42.3 million yuan in loans to 371 production brigades in 1981 for them to buy farming machines. The machines enabled the brigades to sow and harvest crops in good time within the relatively short frost-free period in this China's northernmost province. Output of these production brigades increased and cash income rose by 83 million yuan in 1981. Half of the loans were repaid within the year.

Hubei Province made loans of 63 million yuan in 1981 to help production teams and peasants increase the output of industrial crops and sideline products. Output of tobacco, cocoons, fish, ramie, citrus fruit, tea, raw lacquer, edible fungus and tung oil all increased. This brought an additional income of 120 million yuan.

The bank has decided to grant more loans in 1982 to boost agricultural production.

CSO: 4020/115

FINANCE AND BANKING

PEOPLE'S BANK HOLDS CREDIT LOAN CONFERENCE

OW050441 Beijing XINHUA Domestic Service in Chinese 1211 GMT 4 Apr 82

[Text] Beijing, 4 Apr (XINHUA)--At a conference of managers of branches of the People's Bank of China which ended on 4 April, it was suggested that, in the current year, the bank strive to absorb more capital from society, raise the economic results of credit loans, continue to implement the policy of economic readjustment and insure that revenue and expenditure are essentially balanced.

Managers of provincial, municipal and autonomous regional branches attending the conference maintained that a current salient problem is the poor economic result from credit loans. Although industrial and commercial enterprises get the lion's share of the banks' circulating capital, their capital turnover is slow. Circulating capital loans made to state industrial and commercial enterprises in 1981 respectively rose 9.1 and 14 percent over 1980, yet their industrial output value and commodity retail sales respectively rose only 2.2 and 4.2 percent. Thus, the percentage of loan increases far exceeded that of increases in commodity output and sales. The economic results of a few intermediate- and short-term equipment loans also fell short of expectations.

The conference stressed that it is necessary to enhance the economic results of all circulation capital loans as well as those of all intermediate- and short-term equipment loans. Banks at all levels must strengthen their investigation, study, supervision and management of credit loans. They must actively urge the enterprises to do a good job in coordinating their production and sales plans, make their products more appealing to consumers and meet the needs of society. By adapting to local conditions, the banks in various localities must take effective measures to change their past practice of "letting enterprises continue producing unsaleable products, letting procurement agencies continue to buy these products and letting these enterprises continue getting loans from the banks." They must coordinate with responsible departments and enterprises concerned in striving to fulfill the requirement that this year's circulation capital be reduced by 2-3 percent. The conference proposed to uphold the principle

of setting production, procurement and loans according to sales, and that loans to industrial and commercial enterprises be based on state plans and the sale of products. The bank must be more strict in making loans to enterprises having a huge inventory of products on hand even though their products have been included in state production plans. Regarding products, on which the state has imposed a production limit, or the production of which has a time limit, the bank must base its loans strictly on production plans or sales contracts. Regarding those enterprises which do not follow state production plans, or which do not abide by supply and marketing contracts but overproduce items that do not have a market, the bank should flatly refuse making loans to them. Regarding the production of machinery and electric products having a ready market but some overstocking as well, the bank, after studying the real situation, may adopt such methods as materials and accounts transfers to deal with the problem. It is necessary to do a good job in making intermediate- and short-term loans. In making such loans, it is necessary to continue implementing the principle of "treating each case individually and support enterprises on a selective basis," so that loans are mainly made to projects that need only a small amount of capital but give a fast, large profit return.

The conference pointed out that it is necessary to continuously promote urban and rural savings to accumulate more capital from society. It is necessary to strictly implement the state credit loan plan in order to maintain a basic balance between revenue and expenditure.

CSO: 4006/403

FINANCE AND BANKING

BRIEFS

GUANGDONG NONPRODUCTIVE CAPITAL CONSTRUCTION--According to the statistics up to the end of March, compiled by the Guangdong provincial statistical bureau, over the past 3 years, the proportion of nonproductive capital construction investment in the province has increased. The ratio of investment in workers' housing which has a bearing on the workers livelihood, has increased especially quickly. The ratio of nonproductive capital construction investment increased from 19.1 percent in 1978 to 43.6 percent in 1981. Over the past 3 years, the province has built new houses with a total floor area of 13.83 million square meters, 1.4 times greater than that of the 3 years from 1976 to 1979. [HK090653 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 2 Apr 82 HK]

CSO: 4006/402

MINERAL RESOURCES

BRIEFS

LIAONING COAL PRODUCTION--Coal mines in Liaoning Province whose products are distributed under the unified state plan have prefulfilled the first quarterly production plan by 2 days, producing 7.21 million tons of coal. This is an increase of 14 percent over the corresponding 1981 period. Monthly output of the coal mines during the first 3 months of 1982 increased 1.3 percent over that of the last quarter of 1981. [SK310640 Shenyang Liaoning Provincial Service in Mandarin 1100 GMT 29 Mar 82 SK]

CSO: 4006/401

INDUSTRY

'JINGJI GUANLI' ON GROWTH OF LIGHT INDUSTRY

HK060630 Beijing JINGJI GUANLI in Chinese No 2, 15 Feb 82 pp 17-20

[Article by Qing Yan [7230 6056] of the Ministry of Light Industry: "Light Industry Continues To Grow in the Course of Economic Readjustment in 1981"]

[Text]

(I)

Light industrial production and construction developed at a great rate in the course of the readjustment of the national economy in 1981. Production went up steadily and various construction projects were fulfilled. The total output value of light industry increased by 10.4 percent over 1980. Light industrial production in provinces, municipalities and autonomous regions such as Hubei, Xinjiang, Yunnan, Guangdong, Nei Monggol, Zhejiang, Henan, Hunan, Anhui, Shandong, Heilongjiang, Tianjin and Jiangsu increased by over 10 percent. The plans for capital construction in light industry were also fulfilled. Some key projects were carried out faster than the previous year. New production capability increased. Goods which were in short supply and which were marketable and most sought after by the people and durable consumer goods increased by a large margin. Daily used necessities became rich and varied every day. The supply in the market changed for the better. It was much better than the previous years. Sugar, beer, bicycles, sewing machines, wristwatches, leather shoes, detergents, washing machines and electric fans increased by more than 20 percent over the previous year. There was also a large increase in light industrial products for export. Foreign exchange from export increased by more than 13 percent over the previous year.

The quality of most light industrial products was stabilized or improved. The designs and colors of market goods increased. Good results were achieved in the work of propagating famous brand and superior quality products in various places. In many regions and light industrial enterprises, an overall quality control was strengthened and quality inspecting organizations were set up and commenced carrying out quality inspection and supervision. In 1981, 44 light industrial products won state quality prizes and superior quality prizes. Of the 44 products, 6 won gold prizes and 38 won silver prizes. One hundred and seventy products won superior quality prizes

awarded by the Ministry of Light Industry. The arts and crafts trades carried out a public appraisal to award "hundred-flower prizes." Six items of products won gold cup prizes and 11 won silver cup prizes. Many regions enthusiastically developed new products, grasped firmly systematic investments and increased marketable products to make light industrial market rich and full of variety. In 1981, more than 4,000 kinds of new products were successfully trial produced by the light industrial departments and the number of new designs and colors and of new items increased by 40,000. More than half of the units put their production into operation.

There was also new progress in scientific and technological educational work in light industry. In 1981, the light industrial departments gained 120 items of achievements in science and technology. Of the 120 items, 7 were awarded major-achievement-prizes in science and technology by the State Scientific and Technological Commission. Most of the scientific and technological achievements in light industry played an important role in reforming technology, renewing equipment, raising production and quality, reducing consumption and changing the situation in trades.

(II)

The characteristics in the rapid growth of light industry in the course of readjustment in 1981 were as follows:

1. Leading departments of the party and government in various places strengthened their leadership over light industry, put the development of consumer goods industry in an important position and supported the work of developing light industry from various aspects. In the early period of last year, the State Council put forth the principle of stressing the development of daily-used consumer goods and adopted a series of measures. The leading departments of the party and government in various provinces, municipalities and autonomous regions conscientiously implemented this principle. Many key leading comrades at the provincial and municipal levels personally grasped the production of consumer goods industry, strengthened the leadership over light industry, paid attention to the arrangement of the proportional relationships among departments on the basis of developing the production of consumer goods and continued to carry out the principle of "six priorities." The central and localities successively arranged a series of plans for increasing production, supplied a batch of raw materials and enthusiastically supported the work of developing light industry. In the readjustment, the departments of heavy industry shifted from "serving themselves" into serving agricultural production and the production of consumer goods industry. In this way they enlarged the sphere of service and raised their adaptability. Some heavy industrial and military enterprises also produced some daily-used consumer goods and put them on the market. This was a major and important change in the guiding ideology of industrial and communications production.

2. Some important policies and measures were adopted. At the national conference on industry and communications held in Shanghai, the State Council put forth six policies concerning the collective economy of the second light industrial departments. In the light of the specific conditions of the localities, some provinces specially issued documents concerning the policies to be carried out in the second light industrial departments. The State Council decided to centralize the management of tobacco, raised the purchase prices of tobacco leaves and supported the production of nationally required goods and of children's goods. This effectively promoted the development of light industrial production.

3. Great importance was attached to key trades and key products. This provided an impetus to light industrial production as a whole. In 1981, the State Council and the localities took firm hold of the work in key trades and for key products to increase revenue, withdraw currency from circulation and promote the production of consumer goods. In the early period of last year, the State Council chose, for major emphasis, 10 main products such as bicycles, sewing machines, clocks and wristwatches, household electric appliances, furniture, sugar, high-class cigarettes and famous wines, electronic products, cotton, woolen, linen and silk products, middle and high-grade synthetic fabrics and construction materials. Of these 10, 7 were light industrial products. According to the needs of the market, the Ministry of Light Industry increased production of 8 major products and took firm hold of 15 trades and products. These trades and products are needed by the society in large numbers. They account for a large percentage of the state revenue. Their output value accounts for more than half of the total output value of light industry throughout the country. They play a decisive role in the whole year's production. In the light of specific conditions, key trades and products were fixed in various places and stress was laid on key towns and counties. This provide an impetus to the production of other products and to light industrial production in other regions. Statistics up to the end of last October showed that the output value of 13 products which included bicycles, sewing machines, wristwatches, cigarettes, sugar, household electric appliances, plastic products, leather and leather shoes increased by 100 to 500 million yuan. The increase rate was over 19 percent. The net increase of the above output value was 3.6 percent of the net increase of the output value of light industrial products as a whole.

4. Regarding the economic responsibility system as a starting-off point, the localities reorganized their enterprises and effectively promoted the development of production. Beginning from the latter half of 1981, the light industrial departments successively carried out the economic responsibility system, used the contract method to reduce the tendency of exercising too tight a control and the egalitarianist tendency of eating from the same pot and combined the interests of the state, enterprises and staff and workers. Remarkable results were achieved. It brought the initiatives of enterprises and staff and workers into play, promoted the reorganization of enterprises and improved their management and pushed

forward the responsibility system of enterprises, their management over fixed quotas and their work in economic accounting. In the last three quarters, light industrial production in many regions went up sharply, and their profits also increased every month.

5. The localities grasped firmly the work of supply and marketing, smoothed out the channels and enlivened their production. In order to promote the constant increase of production, light industrial departments and enterprises in various places firmly grasped the supply of raw materials and the marketing of products, grasped the work of supply and of guaranteeing production and grasped the work of marketing and of promoting production. This played a very positive role in increasing light industrial production by a large margin. Besides doing a good job in supplying raw materials according to plans, many regions also organized buyers and sent them to other places to purchase goods which were urgently needed in production. Through economic coordinative offices, some provinces, municipalities and autonomous regions carried out vocational coordination of material goods between provinces and municipalities. In exchange they got the raw materials needed for light industrial production and supplemented what was insufficiently allocated by the state plans.

In marketing, under planned guidance, the supply and marketing departments of light industry in various places carried out well regulations by market mechanism and actively pushed forward the work of industrial units marketing their own products. According to investigations and statistics of the No 2 light industrial departments in 24 provinces, municipalities and autonomous regions, the No 2 light industrial system had nearly 20,000 sales departments and about 100,000 marketing personnel. Thirty to forty percent of the products sold were marketed directly by the industrial units. According to the statistics of the No 1 light industrial departments in 26 provinces, municipalities and autonomous regions, the No 1 light industrial system had more than 4,000 sales departments and over 20,000 marketing personnel. Fifteen percent of the products sold were marketed directly by the industrial units. In 1981, there were two new characteristics in the work of marketing light industrial products: 1) there was a new development in the marketing forms. Various marketing forms were restored and developed. For the purpose of carrying out wholesale business, the method of organizing a fair for ordering goods by referring to samples was used in some provinces and municipalities, and the industrial and commercial departments jointly ran fairs for ordering goods. 2) market analysis was strengthened. The industrial marketing departments strengthened the work of collecting market information, flexibly arranged their production according to the changes of market requirements, were ready to readjust their plans for products whenever necessary and increased the adaptability of products. In some provinces, new methods were probed for marketing industrial products in the countryside and a new channel for marketing light industrial products in the countryside was opened.

There was a comparatively rapid development in the readjustment of light industry in 1981, but light industry still fell far behind the needs for the development of the national economy and the demands of the people. The growth of light industrial production could not keep up with that of the purchasing power of the society. Some products were a bit short of supply. There was a slight reduction in the variety and quantity of some small commodities. The management level was low in quite a number of enterprises and the economic effect was poor. Some enterprises incurred losses or gained less profits, and rough and slipshod manufacturing began to emerge in some regions and enterprises. These problems must be seriously solved in the coming year.

(III)

According to the spirit of the fourth session of the Fifth National People's Congress, we must continue to increase light industrial production by a large margin in the coming year, work hard to raise the economic effect and make greater contributions for our country.

The large-scale increase of light industrial production is not only the objective requirement for the development of the national economy, but it is also possible to achieve. The development of light industry can promote the rationalization of the whole economic structure. It can better meet the needs of the people both in the cities and in the rural areas, enable the market to flourish and enliven the economy. In this way, we can provide more employment for the people, keep a certain speed in the development of industry as a whole and increase the state revenue.

There are many favorable conditions for accelerating our efforts in light industrial production:

1) The party Central Committee and the State Council attach very great importance to the production of consumer goods and to accelerating the development of light industry. They have clearly stated that consumer goods industry must be placed in a very important position and that we must continue to increase light industrial production by a large margin. The party Central Committee and the State Council have also proposed that we must first guarantee the needs for developing the production of consumer goods industry in respect of the supply of energy and materials, the allocation of loans and investments, the allocation of scientific and technological strength and the choice of subjects and the imports of foreign technology and equipment.

2) Since the implementation of the principle of "eating from different pots" in the financial field, the party committees and government in various places have attached great importance to the development of the production of consumer goods industry, and financial resources, material resources and labor force in various fields have been mobilized in many regions to support the development of light industrial production.

3) The situation in the rural areas is very good, agricultural development is in the ascendant, there has been a great increase in industrial crops, the sideline production of the commune members was developed by leaps and bounds, and the raw materials provided by agriculture for light industry are increasing. The enhancement of the purchasing power in the rural areas will open a broad rural market for light industry.

4) Through readjusting the orientation of service, the heavy industrial departments have increased their adaptability. They will trial-produce and produce suitable raw materials for light industry and help carry out technical innovations and provide technology and equipment.

5) The economic responsibility system has been carried out and the management of enterprises strengthened in light industry through the readjustment and reorganization of enterprises in the past 2 years. The production capability and economic effect of many enterprises will be further brought into play. The cadres and staff and workers on the light industrial front will certainly continue to realize a large-scale increase in production so long as they unite, exert themselves and work hard.

To accelerate light industrial production, we must enthusiastically increase the designs and colors of our products, raise their quality and meet the daily increasing needs in the people's livelihood. To energetically develop the production of daily-use consumer goods, we must not only increase the quantity by a large margin, but also constantly improve the quality. Following the gradual improvement of the people's livelihood and the expansion of the consumption sphere, we should study the changes of the consumption structure and constantly readjust the structure of products to suit the changes of domestic and foreign market and to meet the needs of the consumers. According to an investigation of some regions, the requirements of the masses for consumer goods are "four requirements and four particularities." The "four requirements" are requirement for new designs and colors, requirement for middle and high-grade goods, requirement for good quality and famous brands and requirement for low prices. The "four particularities" are particularity about having a spacious room to live in, particularity about having set furniture in where they live, particularity about being well dressed and particularity about having nutrition in what they eat and drink. In the countryside, consumption of the commodity type has increased remarkably and purchasing power has increased by a large margin. In the past, the peasants' wishes were "to have enough food to eat and enough clothes to wear." Now peasants in many regions "do not have to worry about food and clothing." They are concerned about "going to the department store." Therefore, we must adhere to the principle of giving first consideration to quality in light industrial production, work hard to increase the designs and colors and reduce the production costs to make our products cheap and good and marketable. According to the changes of market requirements, we must, in various regions and trades, energetically develop the production of well-known brand-name and good-quality products and the production of middle- and high-grade products and expand the production of children's goods, wedding goods, decorative goods, nutritious food, instant food and goods bearing the national

characteristics and the production of daily-use small commodities. We must meet the needs of the rural market and enthusiastically increase the production of various durable daily-use consumer goods which are needed in large numbers in the rural areas to meet the needs of the 800 million peasants. We must study how to improve the structure of export commodities, open the road for expanding the exports of light industrial products and enliven our export business. Along with the development of labor-intensive products and of tourist commodities, we must energetically increase the production of durable consumer goods such as daily-use machinery and household electrical appliances and increase the export of light industrial machinery so as to enable our well-known brand-name products to compete on the international market and to give an impetus to the enhancement and development of trades as a whole.

To accelerate light industrial production, we must energetically raise the economic effect and provide more accumulation for the state. In his government work report made at the fourth session of the Fifth National People's Congress, Premier Zhao proposed that we "must pay close attention to the economic effect and strive to achieve remarkable results" in all economic fields. To raise the economic effect in light industry, we must first have a change in our ideology. We must start from raising the economic effect in various production and construction plans, shift from laying emphasis on output value to laying emphasis on quality, variety of items and economic effect, from merely paying attention to production to overall management and from relying on the extension method for the expansion of production to relying on the intension method for the expansion of production. Therefore, we must carry out technical innovations, renew our equipment and fully tap the intension potential of the existing enterprises. The emphasis of technical innovations must be laid on raising the quality of products, increasing the designs and colors, manufacturing new products, reducing consumption, economizing on energy, promoting the production capability and raising the economic effect. We must enthusiastically popularize the new results of mass technical innovations and popularize the scientific and technological results which have been authenticated as technically mature, import the necessary key and advanced technology and equipment, strengthen the designing and molding of products, promote the renewal and replacement of products, produce fine quality products for upgrading, energetically economize on raw and supplementary materials, raise productivity, reduce production costs and achieve a better economic effect. We must continue to push forward technical coordination and economic integration in various places, popularize the advanced technology and management experience of the coastal regions of Shanghai and Tianjin in the interior of our country, raise the level of specialized production, bring the superiority of various regions and enterprises into play and enhance the production level, technological level and management level of light industry. In combination with the reorganization of enterprises, we must

implement and consummate the economic responsibility system in a planned way, energetically improve the management of enterprises, strengthen economic accounting, organically combine the responsibility, power and profits of enterprises, bring into full play the initiative of the staff and workers of enterprises, promote the work of increasing income and economizing on expenditures, turn losses into profits and make greater contributions to our country.

CSO: 4006/398

INDUSTRY

'GUANGMING RIBAO' VIEWS SHANGHAI TECHNICAL TEAMS

OW030806 Beijing XINHUA in English 0737 GMT 3 Apr 82

[Text] Beijing, April 3 (XINHUA)--Shanghai's textile industry has, in the past two years, sent technical teams to 95 textile mills in other parts of the country to instruct personnel in advanced methods and management techniques and help improve textile production in these areas, reports today's GUANGMING DAILY.

The teams have 1,039 members, including technicians, managers, skilled workers and mechanics who work in cotton, woolen, silk, hemp and flax spinning and printing and dyeing.

The aim of the teams was to raise quality, increase variety of products, improve enterprise management, train technical personnel and introduce technological renovations.

A 66-member technical team headed by Liu Guangjun, deputy director of the Shanghai textile bureau was dispatched to help a cotton textile mill, a printing and dyeing mill and a cotton spinning mill in Chongqing tackle management problems. Technicians from Shanghai helped the cotton spinning mill renovate mercerizing ranges, modulate remote infrared ray hot air tenters and improve technological processes, so that the proportion of defective polyester cotton fibers produced was greatly reduced. The Shanghai No 1 printing and dyeing mill also helped its counterpart in Chongqing increase variety of colored polyester cotton fibers.

The spread of Shanghai experience in 1980 also gave rise to growth of textile production in Henan Province, with a 24-percent increase over 1979 in terms of output value. Profits went up 42 percent that year and production costs were lowered.

With the help of a group of 100 technicians and management cadres from Shanghai, 15 textile units in Henan Province increased varieties of textile products by 2,000 in 1980, and quality also improved.

Professional teams from other provinces or autonomous regions also went to Shanghai mills to learn technology or attend short-term courses and demonstrations, the paper says.

CS0: 4020/116

CONSTRUCTION

BRIEFS

HUBEI CONSTRUCTION WORK IMPROVES--The Hubei provincial construction system has attached importance to economic results, improved the quality of projects, shortened the construction time and reduced the construction costs. Over the past 2 years, the province has built some 350 projects of superior quality with reduced construction costs in a shorter time than previously. These 350 projects are on some 820,000 square meters, 11.8 percent of the total construction areas. According to statistics, the construction costs of projects at provincial level in 1981 were some 5.11 million yuan less than in 1980, a reduction of 5.36 percent. [Wuhan Hubei Provincial Service in Mandarin 1100 GMT 28 Mar 82 HK]

JILIN HOUSING CONSTRUCTION--To counter the problem of low technical and productivity levels in housing construction, Jilin Province has applied an industrialized construction technique by utilizing local natural resource and industrial waste materials instead of using large, foreign and highly mechanized equipment. From 1979 to 1981, houses built with such a technique were 385,000 square meters, 8 percent of the floor space of houses built in urban areas in this period. This figure was 39 times that of the houses built with such a technique before 1979. [Changchun Jilin Provincial Service in Mandarin 1100 GMT 7 Apr 82 SK] Since 1977, Jilin Province has made steady progress in urban housing construction. According to statistics, its completed floorspace for urban housing in 1980 surpassed the 1979 figure by 23.3 percent. Over the past 4 years, urban houses built with private investment throughout the province total 2 million square meters of floor space. [Changchun Jilin Provincial Service in Mandarin 2200 GMT 13 Mar 82 SK]

CSO: 4006/403

DOMESTIC TRADE

GOODS CIRCULATION IMPROVES UNDER STATE PLANS

OW021425 Beijing XINHUA Domestic Service in Chinese 1230 GMT 1 Apr 82

[Report by RENMIN RIBAO and XINHUA correspondents]

[Excerpts] Beijing, 1 Apr (XINHUA)--At the national conference of supply bureau directors held recently in Beijing, many supply workers delightedly talked about the great successes scored in the past few years in enlivening circulation of materials under the guidance of state plans. This fact fully shows that the policy of putting the main stress on the planned economy while giving scope to the supplementary role of regulation through the market to enliven the domestic economy implemented since the 3d plenary session of the 11th Party Central Committee is entirely correct.

In the past 3 years, they have done a lot of work in improving the materials distribution and supply system, adopting business management of materials, rationally organizing materials circulation, and so forth and begun to blaze a new trail.

-- Improving the materials distribution and supply system. Beginning in 1979, while continuing the practice of planned distribution and allocation, the supply departments have adopted many flexible measures for the supply of some important materials according to conditions of resources. This has greatly accelerated the circulation of materials and reduced goods kept in stock. For example, in 1980 and 1981, 4 nonferrous metals, copper, aluminum, lead and zinc, kept in stock by various production and construction units dropped by 246,000 tons, thus saving large amounts of circulating funds.

-- Adopting business management of materials. At present, the country's supply departments have set up more than 27,000 outlets supplying materials in urban and rural areas and 64 means of production markets of various types. These outlets and markets supply materials according to state plans and at the same time engage in such business operations as selling goods on a commission basis, acting as purchasing agents, handling processing and consignment for customers, helping enterprises regulate surpluses and shortages, and so forth; handle overstocked materials for various production and construction units and at the same time assist marketing of new products; and display and sell goods on hand and at the same time deal in goods to be delivered at a later date. They provide many forms of services and their service attitude is warm and attentive to the great satisfaction of customers.

-- Organizing materials circulation according to the rational direction of flow and economic regions, resulting in reduced circulation expenses.

As the supply departments have initially enlivened materials circulation and speeded up materials turnover, there are marked increases in economic returns. The country's total sales of goods were 47.2 billion yuan and 44.7 billion yuan respectively in 1980 and 1981, showing an increase of 9.5 percent and 3.7 percent respectively over 1979. Such high growth rate has been rare since the founding of the People's Republic. The turnover period of fixed circulating funds in 1981 was reduced by 15 days from that in 1979, tying up 2.16 billion yuan less of state funds.

To further improve supply work, a responsible person of the state supplies bureau called on supply departments at all levels to adhere to the principle of putting the main stress on the planned economy and giving scope to the supplementary role of regulation through the market, organize materials circulation in a rational way and focusing on increasing economic returns, constantly upgrade their service standards for production and construction and make greater contributions to promoting the national economic development.

CSO: 4006/402

DOMESTIC TRADE

USE OF COMPUTERS IN MARKET FORECASTING DISCUSSED

06030033 Beijing XINHUA Domestic Service in Chinese 1138 GMT 2 Apr 82

[Excerpts] Beijing, 2 Apr (XINHUA)--JINGJI CANKAO [4842 3444 0639 5072] published today carries on its front page a report, with an editor's note, on the use of large electronic computers by the Ministry of Agricultural Machinery and the State Supplies Bureau to forecast market demand for farm machines and trends in the production and marketing of bearings.

The editor's note says: At a national conference on industry and communications Premier Zhao Ziyang pointed out: Our plans should reflect the needs of society and meet the requirements of social development as much as possible. If products do not meet the needs of society and are not marketable, proportionate and coordinated development will be out of the question. It is this basic point to which we failed to pay attention in our economic work in the past. This is why many problems arose. It is not easy to immediately understand the needs of society or anticipate them. More often than not, when commodities are out of stock or overstocked, people come to know that such commodities are in short or excessive supply. This calls for a timely understanding of social needs as well as market changes and trends and improving our planning work.

The editor's note says: The use of large electronic computers by the Ministry of Agricultural Machinery and the State Supplies Bureau to forecast market demand for farm machines and trends in the production and marketing of bearings is a new attempt to use modern means to raise the level of planning work. This procedure should be promoted.

The report says: The survey and forecast by the Ministry of Agricultural Machinery of Market demand for farm machines are unprecedented in depth and scope. Last October the Ministry of Agricultural Machinery began to organize nearly 10,000 personnel of agricultural machinery departments in the country's 29 provinces, municipalities and autonomous regions to survey the basic economic conditions of 13,175 production teams and brigades and their demand for 24 kinds of major farm machines in 1982. They also surveyed the basic rural economic conditions of 1,338 countries in the 4 years from 1959 to 1982.

Thus, they collected more than 5.7 million groupings of original data. In coordination with the scientific research and education departments concerned and under experts' guidance, this data was sorted and programmed into large electronic computers with an average speed of 1 million operations per second. By using the metrological model method, the computers analyzed the data and came up with a forecast for the net volume of annual domestic sales of farm machines from 1982 to 1985 as well as a forecast for the amount of demand for 24 kinds of major farm machines in 1982. These forecasts are fairly close to objective realities. For example, the forecast shows the country's demand for over 10,700 model 55 wheeled tractors in 1982. To further acquaint itself with market demand, the Tianjin tractor plant, which originally planned to produce 8,000 such tractors this year, recently sent 160 personnel to survey various tractor marketing centers in the country. The results of their survey basically tallies with the national forecast.

Since the second half of 1980, the State Supplies Bureau has used large electronic computers to make a quarterly inductive analysis of 52 million different sets of bearings of 5,020 different specifications stocked by 180 major departments using such bearings and by supplies enterprises throughout the country. The State Supplies Bureau has compiled a "general list of stocked bearings for industrial use" and a "detailed list of industrial bearings stocked by each unit." These quarterly lists have been printed and distributed to the State Council's ministries and commissions concerned, bearing-producing enterprises, bearing-using units and bearing marketing departments, thus timely transmitting market conditions and information. This information has served as a guide to bearing production and has made things convenient for consumers.

USO: 4006/403

DOMESTIC TRADE

BRIEFS

YUNNAN COMMODITY PRICE CIRCULAR--The Yunnan Provincial People's Government recently issued a circular, demanding that from March to June, all prefectures and departments straighten out commodity prices in the market in an all-round way, correctly implement the policy on prices and thoroughly eliminate the phenomenon of chaotic commodity prices in the market. The retail prices of all industrial and agricultural commodities which concern urban and rural people's livelihood, food prices and social service charges must be straightened out. The purchase prices of agricultural products which affect the relations between industry and agriculture and the selling prices of the means of agricultural production must also be straightened out. These prices and charges must be straightened out in accordance with the relevant regulations of the State Council and the provincial government. The prices of all commodities and the service charges must be clearly marked. The production, repair and use of all weights and measures must be controlled by the quality and quantity bureaus in a unified way. It is essential to strictly observe commodity price discipline and establish the system of rewards and penalties. The provincial government must establish a commodity price inspection and straightening out leadership group. All prefectures, autonomous prefectures and municipalities must also set up commodity price straightening out leadership groups. [HK020733 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 28 Mar 82 HK]

GUANGDONG COMMODITY SUBSIDIES--According to preliminary statistics of departments concerned, Guangdong spent 1.9 billion yuan on commodity subsidies from 1979 to 1981. Some 400 million yuan was spent in 1979, some 600 million yuan in 1980 and some 800 million yuan in 1981. This has played an important role in achieving a political situation of stability and unity and in developing the favorable situation. [Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 24 Mar 82 HK]

CSO: 4006/402

FOREIGN TRADE

'XINHUA' NOTES USSR FOREIGN TRADE STATISTICS

OW271924 Beijing XINHUA in English 1900 GMT 27 Mar 82

[Text] Moscow, March 27 (by XINHUA correspondent)--Foreign trade of the Soviet Union topped ruble 100 billion in 1981 for the first time in history. Official statistics published in the March number of the FOREIGN TRADE, [as received] a journal of the Soviet Foreign Trade Ministry, show that foreign trade of the country in 1981 totaled 109.7 billion rubles, 15.6 billion more than that in 1980, with export standing at 57.1 billion and import amounting to 52.6 billion.

Trade with Western developed countries recorded a further growth, from 31.5 billion rubles for 1980 to 35.3 billion rubles last year, of which 17.2 billion was export and 18.1 billion was import. A breakdown by country indicated that Soviet trade with West Germany, Finland, France and Italy, Moscow's major trade partners, had increased steadily.

Two-way trade with the United States had increased from 1.5 billion rubles in 1980 to 1.8 billion rubles in 1981, but with an unfavourable balance of some 1.6 billion on the part of the Soviet Union. The great disparity was attributed to heavy purchases of grain from the United States.

Trade with the other members of the Council for Mutual Economic Assistance (COMECON) totaled some 52.2 billion rubles last year, accounting for half of its foreign trade and giving the Soviet Union a favourable balance of approximately 5 billion. An important reason for the gain was price hikes on Soviet fuels to the COMECON partners.

Statistics show that the Soviet Union's superior position was all the more evident in trading with Mongolia, Cuba and Viet Nam.

The volume of trade with the developing countries totaled 16.4 billion rubles last year, with a favourable balance of 900 million on the part of the Soviet Union.

CSO: 4020/115

FOREIGN TRADE

QIAN MIN ON EXPORT OF ELECTRONIC PRODUCTS

OW311411 Beijing XINHUA in English 0724 GMT 30 Mar 82

[Text] Beijing, March 30 (XINHUA)--China exported more than 100 million U.S. dollars worth of electronic products and accessories in 1981, five times the 1980 figure, according to Qian Min, minister of the fourth Machine-Building Ministry.

He revealed this in an address to a national electronics industry conference now in session here.

"China has great potential for export of electronic products," he said. "The country has 2,800 electronics factories and nearly 100 research and design institutes. Engineers and technicians number 110,000.

"China's electronic products--components, devices, measuring instruments, specialized equipment, communications equipment, radar, radios, TV sets and materials for specialized uses--now go to 50 countries and regions," the minister said.

"At the same time, China has imported technology and equipment for production of color TV sets, electronic computers and integrated circuits," Minister Qian Min said, "and great importance is attached to such imports."

"China will import technology for the production of key components, devices and parts for making electronic consumer goods, and more technology for making electronic equipment needed by the energy industry, communications, light industry, and scientific research and education," the minister said.

Over the past two years, several hundred agreements and contracts on compensation trade and on processing business with supplied materials have been signed by about 100 Chinese electronics factories with foreign and Hong Kong and Macao firms. Talks on co-production are going on between Chinese factories and overseas firms.

CSO: 4020/115

FOREIGN TRADE

BRIEFS

JIANGXI EXPORT INCREASE--Nanchang, 24 Feb (XINHUA)--Jiangxi Province doubled its export last year to more than 190 million U.S. dollars, compared with 1980, according to the Jiangxi Provincial Foreign Trade Bureau. The province expects to increase that figure to 210 million dollars in 1982. Last year it added textiles, machinery, chemicals and pharmaceuticals to its traditional export of farm produce, native products, consumer goods, arts and crafts, equipment and mineral products. According to the bureau, the province has set up over 50 export commodity production centers. Quality and packaging of export goods have been improved. Famous porcelain center Jingdezhen's blue-and-white rice-pattern porcelain has become an especially good seller after it resumed its traditional features. Jiangxi's products are sold in 83 countries and regions, the bureau said. [Text] [OW260139 Beijing XINHUA in English 0703 GMT 24 Feb 82 OW]

SHANDONG SHIJIU HARBOR CONSTRUCTION--Jinan, 17 Feb (XINHUA)--Construction of the deep-water coal wharf of Shijiu harbour along the Shandong coast started today. Shijiu harbour is one of the projects being built with Japanese government loans. The other projects include a railway linking the harbour with the Yanzhou coal mines, expansion of the Qinhuangdao harbour, and reconstruction of the southernmost section of the Beijing-Guangzhou railway. A 100,000-ton class berth and a 25,000-ton class berth will be built in the first stage of the harbour project. When completed in 1985, they will be capable of handling 15 million tons of export coal annually. The first part of the project will involve removal of 3.8 million cubic meters of silt, filling of 1.1 million cubic meters of earth and 1 million cubic meters of stone, and building of 29 kilometers of railway line. Preparations for the construction started in June 1980. By the end of 1981, 12 kilometers of road, 11 kilometers of water pipeline, 17 kilometers of power transmission line and a substation had been finished. Designed and being built by Chinese engineers and workers, the new harbour will boost China's shipping and coal export. [Text] [OW260139 Beijing XINHUA in English 1224 GMT 17 Feb 82 OW]

GUANGDONG EXPORTS INCREASE--The value of daily-use consumer goods and handicraft articles exported by Guangdong Province in 1981 was 1.5 billion yuan. This year, production departments will continue to increase production and exports. It is planned that the total value of exported products in 1982 will increase by 9 percent. This was announced at a press conference held by Liang Huimin, deputy director of the provincial No 2 light industry department which is in charge of the production of daily-use consumer goods and handicraft articles. On 11 March, Guangzhou will hold a trade fair where samples can be seen and orders can be placed. Liang Huimin said that last year, the provincial No 2 light industry system imported raw materials worth \$15 million from abroad, Hong Kong and Macao. These raw materials have improved the quality of the provincial light industrial products and increased the variety of products. [Beijing Zhongguo Xinwen She in Chinese 10 Mar 82 HK]

SHAANXI-IRAQ TECHNOLOGY COOPERATION--In accordance with the provisions of the 1982 supplementary contract on technical service between the textile general organization of the Ministry of Industry and Minerals of the Republic of Iraq and the National Complete Plant Export Corporation of China, our side will organize a Chinese technical service group of 164 engineers and technical workers, who will go to Mosul Textile General Corporation in Iraq in two groups respectively in April and May to provide them with labor and technical service. This group comprises 120 women textile workers. The Textile Industry Company and relevant units of our province are actively making good preparations in accordance with the contract. [Text] [Xian Shaanxi Provincial Service in Mandarin 1130 GMT 15 Mar 82 HK]

CSO: 4006/402

LABOR AND WAGES

BRIEFS

GUANGDONG SUBSIDIES--The provincial government has allocated a total of 6.7 billion yuan in subsidies in the past 3 years to stabilize the markets and improve living standards. Some 25.5 percent of this has been spent on raising agricultural and sideline product procurement prices and easing the total tax burden, 46.4 percent on arranging jobs for 1.2 million persons and on raising wages and paying bonuses and post subsidies, and 26.9 percent on price subsidies for grain, oil, meat, poultry, fish, eggs, vegetables, domestic coal and soap, and subsidies for diesel fuel for agricultural use and farm machines, and so on. [HK230604 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 20 Mar 82 HK]

CSO: 4006/401

TRANSPORTATION

BRIEFS

HEILONGJIANG FERRY SERVICE--The Harbin Ferry Company recently broke the frozen surface of Songhua River to start operations 1 month ahead of schedule. This company began the ferry service on 3 April. [SK042230 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 2 Apr 82 SK]

GUANGDONG WENJINDU PORT--The passenger transport facilities of Wenjindu Port which links Guangdong Province with Hong Kong have been completed and will soon be put into operation. The facilities at Wenjindu Port were constructed with the approval of the State Council. The total investment in these facilities was some 2.6 million yuan. [HK111456 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 10 Mar 82 HK]

AIR ROUTE OPENS--Harbin, 4 Apr (XINHUA)--A new air route between Harbin in northeast China and Guangzhou in south China opened today. The flight covers 2,900 kilometers in five hours with a 70-minute stopover in Beijing. It takes more than 50 hours by train. The air service between the two cities will facilitate tourism and economic and cultural exchanges between southern and northern China. [Text] [OW041237 Beijing XINHUA in English 1200 GMT 4 Apr 82]

CNO: 4020/115

GENERAL

BRIEFS

SHANGHAI RURAL ECONOMY--Shanghai, April 7 (XINHUA)--A recent random sample poll of 1,200 scientists, technicians, peasants, shop assistants and college students indicates satisfaction with the rural economy, according to Feng Zhijun, secretary-general of the Shanghai Society of Science. He was addressing a meeting of the municipal people's political consultative conference of which he is a deputy. The poll also asked for appraisals of 1981 city administration, and the city's most pressing problems. Some 66.1 percent of those polled said the city government's work had improved. In a June poll, 84 percent voiced anxiety over the housing problem, but the figure dropped to 70.2 per cent in the recent one. Vegetable supply, which was sixth among 1981's most pressing problems, dropped to ninth this year. The poll also indicated support for the current campaign to streamline the administration and fight corruption. [Text] [OW080540 Beijing XINHUA in English 0710 GMT 7 Apr 82]

CSO: 4020/116

SHANGHAI MAYOR ON COOPERATION WITH HONG KONG

HK021226 Hong Kong TA KUNG PAO 1 Apr 82 p 2

[Report from special correspondents Chen Pin [7155 1755] and Li Wei-ching [2621 4850 1987]: "Wang Daohan Talks on Shanghai-Hong Kong Cooperation"]

[Text] Today, during an interview granted to our reporters, the Shanghai Mayor Wang Daohan said, Shanghai and Hong Kong have long since maintained very close communications; we wish to make more constructive efforts to strengthen the ties and cooperation between Shanghai and Hong Kong, especially in the field of economics and trade, on the basis of equality and mutual benefit. Mayor Wang also showed that Hong Kong and Macao compatriots are welcome to make investments and establish plants in Shanghai, and have technological interchange with the city, so as to make contributions to the home country in pushing ahead with all sorts of construction in Shanghai.

Wang Daohan said, Shanghai, as an open city, maintains extensive international ties with the outside world. According to statistics, Shanghai entertained last year a total of 369,000 people, including delegates, guests, tourists, businessmen, overseas Chinese, and foreigners of Chinese descent from 154 countries all over the world, and compatriots from Hong Kong, Macao and Taiwan. In view of the present conditions in Shanghai, hotel accommodations and transportation facilities are lagging behind demand. There is little space in the center of Shanghai which can be used for future development. Therefore the authorities are planning to develop two suburban districts into bases for tourism, foreign trade and importing foreign investment.

According to Wang Daohan, some foreign businessmen and Hong Kong and Macao compatriots have made contact with departments concerned in Shanghai in the last few years. Quite a few people have shown their interest in investment and joint ventures. Shanghai possesses a solid material basis, strong technological force, and a convenient transportation and telecommunications network. If the construction plan of the above two districts can be materialized and the investment conditions can be improved, that will undoubtedly be very good news for external investors.

After that, Wang Daohan declared that under the guidance of the principles and policy laid down by the CCP Central Committee, Shanghai will continue to unswervingly carry out the guideline of opening the door to the outside

world, actively importing foreign capital and promoting external economic activities. But, first of all, all preparatory work should be completed before carrying out any projects. In the short term, in order to make conditions available, Shanghai should pay good attention to four things: 1) select and put some industrial branches of Shanghai which are competent for exports on the list of projects which can be offered to Hong Kong and foreign business circles for cooperation; 2) work out some relevant rules and regulations in the light of the actual situation in Shanghai, so that all investors from abroad can "abide by them"; 3) do a good job in urban planning, taking into consideration those things such as housing, water supply, electricity, communications, and so on, and try to improve the investment environment; 4) foster technical personnel, learn advanced technical knowhow and administrative methods from foreign countries.

Shanghai occupies a decisive position in China in terms of economic development and science and technological force. In the last 32 years, Shanghai has created for the country a total profit which amounts to several hundred billion yuan. Now, the municipal government is deliberating on and working out the Shanghai 5-year plan for economic and social construction. We can confidently expect that Shanghai and its people, with the progress they are making in readjustment, will make greater contributions to the construction of China's four modernizations.

The fourth plenary session of the seventh Shanghai Municipal People's Congress is taking place at the moment. It was in a short interval between meetings that Mayor Wang granted us a cordial interview to talk on the question of foreign trade and economic affairs.

CSO: 4006/400

'TA KUNG PAO'ON ORGANIZATION OF GUANGZHOU FAIR

HK080204 Hong Kong TA KUNG PAO weekly supplement in English No 821, 8-14 Apr 82 p 1

[Article by Guangzhou correspondent]

[Text] A spokesman of the Chinese Ministry of Foreign Economic Relations and Trade has said that the reformed Guangzhou fair of export commodities will open on April 15 as planned.

To date, 50 sessions of the twice-a-year Guangzhou fairs have been held. The spokesman said the coming spring fair will be on a scale smaller than its predecessors, but will cover machine and equipment, hardware, mineral products, chemical products, metallurgy, scientific instruments, apparatuses, and super arts and crafts. Commodities under the categories of textiles, light industrial products, foodstuff, grain and edible oil, native and animal products will be dealt with at the autumn fair, he said.

The length of the fair will be 20 days instead of a month as in the past.

Stressing unified organizational work vis-a-vis visiting overseas businessmen, the spokesman reiterated that both separate and outside-fair deals would be firmly opposed. All arrangements for buyers and market needs will come under an overall plan and there will be no cut-throat pricing practices.

Wang Pingqing, representative of the minister of foreign economic relations and trade will come to Guangzhou to help in the fair's organizational work, the spokesman said.

The fair will be composed of eight trade groups:

Hardware and minerals: Director, Zhang Yubin; deputy directors, Xiang Zizhi, Ye Lei; general secretary, Han Ruifu.

Chemicals: Director, Chen Mu; deputy directors, Cui Yugui, Yu Hongde; general secretary, Du Feng.

Machinery: Director, Yue Jixian; deputy directors, Zhu Mingjiu, Zhang Baoqin (concurrently general secretary).

Instruments: Director, Cui Yubin; deputy director , Guo Wengui; general secretary, Chen Guanghui.

Machinery and equipment: Director, Meng Qinghou; deputy directors, Gong Shujin, Zhang Xuesheng (concurrently general secretary).

Xin Shi Dai (new era) Corporation: Director, Tian Rufu; deputy directors, Yang Tingfan (concurrently general secretary), Li Guofu, Li Fuxing, Zhang Qiming, Wu Runting.

Metallurgy: Director, Bai Bujia; deputy directors, Qian Shudong, Si Dehuai; general secretary, Zhao Xizhong.

Scientific equipment: Director, Guo Yunxuan; deputy directors, Chen Fuchang, Zhang Hua, Wang Xi (concurrently general secretary).

Super arts and crafts: Director, Mao Ling; deputy directors, Liu Paijin (concurrently general secretary), Chen Paiyu, Song Kuofan and Xu Changan.

CSO: 4020/114

BRIEFS

ECONOMIC ZONES INSPECTED--State Council Vice Premier Gu Mu said when recently inspecting the Shenzhen and Zhuhai special economic zones: Building the special economic zones is a major policy decision of the central authorities. There will be no change in the policy of opening up the special zones to dealings with the outside world. The special economic zones must be run well. Vice Premier Gu Mu said: Shenzhen and Zhuhai special zones have taken on a new appearance in the short space of only 2 years or so and scored outstanding achievements. This is a fact evident to all. It demonstrates the force of the policy of opening up to the outside world and fully shows that the central policy on trial-operation of special economic zones is correct. Such great achievements could not have been scored without the policy of opening up to the outside world. Vice Premier Gu Mu said: Of course, while looking at the achievements of the past 2 years or so, it is also necessary to seriously sum up experiences and squarely face the problems that have arisen in the development of the special zones. [Text] [HK040222 Guangzhou Guangdong Provincial Service in Mandarin 2350 GMT 3 Apr 82]

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